My Investment Services

Path to Prosperity

INVESTOR AGENT

MAKING MORE MONEY NOT MORE WORK

GARY WILSON

"Guiding You to Massive New Wealth in Real Estate in 1 Year or Less Guaranteed!"

Ordering Information:

Quantity sales. Special discounts are available on quantity purchases by corporations, associations, and others.

ISBN: 978-1502585806

Printed in the United States of America

This course is for YOU:

An Investor
who is also a Real Estate Agent
or are considering becoming a Real Estate Agent,

Or

A Real Estate Agent
who is also an Investor
or are considering becoming an Investor,

Sot that YOU can learn how to:

Leverage Your Time

And

Make More Money...Not More Work!

Gary's Wizard Formula for Success:

W Be **willing** to get out of your comfort zone

I **Investigate** your dream. In Real Estate, whether it's Flipping, Renting, Wholesaling, being an Investor/Agent, or all of the above - check it out first.

Z **Zero** in on your plans. Start with one then add the others as you gain confidence and competence, leveraging your current activities.

A Take **action**. Put one foot in front of the other and get a coach just like those who make millions!

R **Ramp** it up! Once you cash in on your first transaction take massive action to multiply your results.

D **Do** it and don't do it alone. Many more have succeeded by getting the proper education, information and guidance than have by attempting to do it on their own!

Course Outline

Module 1: Introduction, Rules of Engagement, and Goal Setting.....7

Module 2: Finding the Right Town and Neighborhood.....11

Module 3: Types of Properties (REO, Short-Sale, Estate) 35

Module 4: Targeting/Locating Properties.....39

Module 5: Flipping 53

Module 6: Rentals.....73

Module 7: Wholesaling, Net Listing, and Lease Options.....85

Module 8: Investor-Agent Roles & Responsibilities.....93

Module 9: Marketing 105

Module 10: What's Next? Evaluation.....117

NOTE: Gary Wilson is not an attorney. Readers please repeat after me: "I know Gary Wilson is not an attorney. I am reading this book of my own free will and promise to make sure everything I do after reading this book, relative to real estate, will be in compliance with federal, state and local laws."

A Tale of Two Roles

Investor?

Most investors do not become agents.

Agent?

Most agents do not become investors.

Both?

The rules of engagement are completely different.

The Chicken or the Egg?

Should I get my real estate license first before I start investing?"

or

"Should I start investing first before I get my real estate license?"

Let's discuss a few different scenarios:

A. You're young and just starting out.

B. You're experienced and starting over.

C. You have capital, or not.

You have residual income, or not.

This Guide is for…

A) **Investors** who are considering becoming Real Estate Agents.

You see what people like me do and you realize there is a tremendous amount of opportunity to build an entirely new revenue stream. You are basically leveraging what you already do to build another avenue for cash flow.

B) **Real Estate Agents** who are considering working with Investors.

Maybe you have tried this before, but you were frustrated because you were doing it the way other people (mainly real estate gurus) trained you.

It didn't work for you. (That method didn't work for me either.)

C) **Real Estate Agents who realize they should be investing in themselves**.

This course assumes:

> You have your Real Estate license, or…
>
> You are an Investor who plans to get your license to support yourself and other Investors – and help you both create income and wealth through this revenue stream.

Other courses in this series include:

Rental Profits Without Paying – the quintessential guide for Real Estate Investors who want to profit from their own rentals

Flipping for Profits Without the Risk – Gary's secret formula for flipping properties without the pitfalls that cause others to fail

Wholesaling So Everybody Wins – learn to profit from wholesale in complete legal compliance, with no broken contracts, and in a way that assures everyone wins

In **Module One** we are going to talk about the two roles. Which comes first? Are you an Agent first or an Investor? Are you an Investor first and then an Agent?

In **Module Two w**e dig into details like targeting the right towns, and even the right neighborhoods.

Module Three is about the types of properties, including REO, Short-Sale and Estates.

Module Four deals with targeting and locating properties for investment.

What do Investors do when flipping properties, versus renting or wholesaling? We'll include property selection and rehab. This is a very in-depth session. You'll want to take lots of notes!

Module Five is about what Investors do when Flipping properties.

Module Six cover Rentals and **Module Seven** looks at Wholesaling, including net listing and lease options.

In **Module** Eight, we cover the rules of engagement for the Real Estate Agent when dealing with sellers and buyers. Basic rules and state law. Nothing heavy-duty. This is just a quick review relative to this context. For those who do not already have a Real Estate license we will also skim through basic licensing requirements. This is not a recruiting course. Just simple information you ought to know.

The main focus of this lesson is how to use your license as an income producing asset. I like to call this "How to run your business like a business." You will learn to leverage what you are already doing. If you are an Investor or an Agent who invests, you might as well share the properties you discover with clients who can benefit. None of us can buy *everything*, so we should share.

I will show you the secret process I developed so you can make more money without more work.

Essentially I will train you to train your Investors to work with you on your terms. The bottom line is, you will train Investors how to do most of the work, and only step in when they are ready to make offers. These are high percentage shot offers, not the shotgun approach.

In **Module Nine**, we get into marketing and advertising. How do you promote yourself as the Investor/Realtor? There's a lot to it, but it doesn't have to be complicated. There are two components: Marketing (which is like branding) and Advertising (to get the word out so people know to call you). You can use much of this information in other areas with your real estate license and with owner-occupants. I will tell you exactly what made me the most money out of these.

Finally in **Module Ten**, we'll explore what's next. As you might imagine, when you open one door you will discover there are ten more you could eventually go through. Each will provide unique opportunities to further leverage what you're already doing to add income. If you have at least three sources of income (a three-legged stool) you will be in good shape. I don't care what the economy does.

If you work with owner-occupants only, you know you suffered during the last recession. However, if you also worked with Investors, you know those were some of our greatest times.

I grew my business six-fold during the recession because I worked with Investors.

Most importantly you should also be investing.

That's the three legs of the stool right there. You may decide to go on and build your own property managing business, build your own brokers business. There are a number of things you can do, and we'll talk about them in lesson ten.

For now, let's jump into the material. Just remember: I'm not an attorney. I am a licensed broker in multiple states. I've been around for quite a long time – twenty-eight years in this business. I have owned two hundred-fifty units personally as well as doing flipping and wholesaling and you name it.

Module One:
Introduction, Rules of Engagement and Goal-Setting

A. Introduction

Let's talk about the two roles: Investor and Agent.

While you may not have studied this, I have. I can tell you most Investors do not become Agents. I can also tell you that most Agents do not become Investors. I don't know why. I really don't care. The bottom line is these two facts have created a world of opportunity for me and others I've already taught.

B. Rules of Engagement

If and when they overlap (which they rarely do), you need to know how to react to the different scenarios. We will cover this later.

So what comes first? The chicken or the egg? Should I get my license before I start investing or should I start investing before I get my license?

That is a good question. I was an investor before I got my license. I don't know a lot of agents who do invest, at least the way I do.

Some of them will buy a house here, and a house here and a duplex and call themselves investors. They're not investors. That's a hobby.

If you are an investor you actually make an income, a regular, recurring income stream building wealth from investing in real estate. The kind you can actually live off of. The kind that allowed me to retire from the corporate world after investing for five years when I was only forty years old.

That's right. I retired when I was forty. Lived off the rental income I had.

Let's talk about you.

A) Perhaps you're young and just starting out. You may not have a lot of capital. You may not have a lot of resources to go out and start investing.

Yes, you can use all the no-money-down techniques and For Sale By Owner techniques that other supposed gurus teach, but you will spend a lifetime trying to make that stuff work – and you will have very little to show for it.

If you are starting off, and don't have a lot of capital, I say get your license. Even if you are working in the corporate world, you can use it on half-day Saturdays, or 1-3 evenings during the week to pull some commissions to save for down payments in Real Estate investments.

Or you can simply keep socking that money away so you have the option to leave the corporate world if you want to.

B) Maybe you are experienced and starting over. You have some capital. I suggest you get your license and start investing right away.

Do not wait. Opportunities abound right now. We are in an awesome environment of incredibly low prices relative to historical averages. And incredibly low interest rates relative to historical averages. We have not seen a recession like we just had in eighty years. We have not seen interest rates like we're seeing now in fifty years.

If you're my age, and I am not going to tell you how old I am, but I can tell you it was back in the 1960s when we last saw these kind of interest rates.

When I started investing in the 1980s, interest rates were twice (or even more than double) what they are now. I used the exact same techniques I teach now. They just work even better now because interest rates are friendlier.

Maybe you have capital, maybe you don't. If you've already been in the work force for a while or you are already an Agent, by all means you need to learn how to work with Investors. I can tell you when the economy turns – we don't know if it will be five years, ten or twenty – but when it does you'll still be making income. And all the traditional Agents are not. And they'll be jumping out of the business.

*By the way, if you take the Rental Profits Without the Pain course, you will learn there are multiple ways to get money for investing where you may not even necessarily have to go to outside sources. I'm not suggesting you don't get a first mortgage (particularly with today's interest rates) but finding money for your down payment can come from a 401k, a whole life policy, equity in your existing home, or even equity in rental properties you own.

C) If you already have residual income you're in good shape. God bless you. By all means, maybe you can start flipping.

I will tell you this right now: Don't follow the advice of the guys that tell you to flip first to raise money to then invest and hold property.

Invest and hold first. Build a solid income stream, a solid foundation so that when you go flipping, if something doesn't go right you're still in business.

Don't be the guy who flips right out of the gate. One out of three flips don't go so well. If the first one flops, you'll be a flip flop. I don't want you to be completely sidetracked. Not just for a month, but for years, maybe forever.

Build an income stream first by buying rental properties. Give yourself some options. That recurring residual income is what gives you freedom.

You need to look at your circumstances. Are you young or more experienced? Do you have some capital, or not? Do you have residual income, or not?

Those who have capital, who have residual income, obviously have more options available than those who don't. Never fear. You have to start somewhere.

When I was 22-years old and just getting out of college, I bought my first investment property – literally the month after I graduated. I've never looked back.

As you work through this course, if you have questions you can always email me. Go to myinvestmentservices.com, email Support@MyInvestmentServices.com or call (800) 931-2605.

We can always discuss this in more detail. If you've purchased this course as part of our overall strategy you are also going to be involved in live instructional training. That is where you get life Q & A. This is for people who are looking for Real Estate mastery.

If you just bought this course off the shelf but want total Real Estate mastery, you should consider taking the instructional course. That's where you hit the ground running, roll up your sleeves, and actually put your skills into practice and make money!

Investor Rules of Engagement

We won't dig too deep into specifics, but if you are working with somebody who is flipping properties, you will work differently than with somebody who is buying rentals or who is wholesaling.

Target:

- Towns
- Neighborhoods
- Properties
  - Flip
  - Rent

I will show you all three in session two. For right now, let's talk about how to identify the right towns to invest in.

You may be in a heavily populated area like LA County or New York City. Or maybe you're in the Hamptons, Pittsburgh, Philadelphia, Atlanta, Miami, Ft. Lauderdale, Houston, or Chicago. There are many towns and townships in those surrounding areas. You need to identify which of are the right ones to go after.

Then we'll learn how to identify the right specific neighborhoods objectively with unambiguous online tools for analysis. Then you can follow up more subjectively with drive-throughs, walk-arounds and property tours.

We will touch on the different strategies: flipping, renting, and wholesaling. (You can actually wholesale flips and rentals as well as wholesale single family homes.)

C. Goal Setting

Write down three personal goals and business objectives that you have for yourself and will accomplish as a result of taking this training course. Keep this list for later reference. You will need it in Module Ten.

Module Two:

Finding the Right Town and Neighborhood

A. Finding the Right Town

We will start by using a school report as described below.

I suggest using your Multi List System (MLS) to its fullest extent. On the next page I show a spreadsheet that provides sales data – volume and amount – by school district. This has been incredibly valuable to my clients who are flipping properties.

Your Multi-List System is actually pretty sophisticated. Most offices have an admin person or someone who can create what's called a School Report. It's an area report. Essentially across the top you'll list all the school districts, and down the side you list all the price ranges. The columns show what's active and what sold in each price range.

This report can show you areas you need to target in your marketing efforts. Particularly if you're working with owner-occupants. You'll find areas where there's nothing listed. Why would you spend money in an area where nothing is being sold? Instead, you want to spend money where properties are being sold every day. That's where you want to spend your money. That's why this is so important. On the following page, there is an example of a school report.

To create your own school report, go to the Investor Agent Module Two-Course Page.

School District	Hopewell 4410	Hopewell	Butler 10125	Butler	S.Butler	S.Butler	Mars 10500	Mars	Seneca 10790	Seneca
	Active	Sold	Active	Sold	Active	Sold	Active	Sold	Active	Sold
Start Price										
$100-150k	35	26	65	39	9	18	6	7	20	28
$151-200k	16	12	38	36	8	13	2	12	28	65
$201-250k	8	1	18	12	6	8	9	20	15	39
$251-300k	4	4	11	17	9	4	10	26	13	35
$301-350k	1	3	18	5	3	1	7	10	24	28
$351-400k	0	0	11	2	6	3	20	16	19	13
$401-450k	0	1	3	1	6	0	7	16	13	16
$451-500k	2	0	4	2	1	2	11	6	6	5
$501-600k	0	0	3	1	3	1	10	8	14	11
$601-700k	0	0	0	0	1	0	6	3	8	1
$701-800k	0	0	2	0	0	0	5	3	10	6
$801-900k	0	0	0	0	1	0	8	3	5	1
$90k-1M	0	0	0	0	0	0	5	4	3	3
$1M-1.25M	0	0	0	0	0	0	4	1	1	0
$1.25-1.5M	0	0	0	0	0	0	0	0	3	0
County	Beaver		Butler		Butler		Butler		Butler	

ZipCodes.com has data for almost every single zip code in the continental United States, including Hawaii and Alaska. This is another source of data for your Investors to use to determine where they're going to invest.

Here's Allegheny County, but within Allegheny County, there are 60 cities, so probably 60 Zip Codes. Let's click Pittsburgh, the biggest city in western Pennsylvania.

ALLEGHENY County, PA Covers 60 Cities

- ALLISON PARK, PA
- BAIRDFORD, PA
- BAKERSTOWN, PA
- BETHEL PARK, PA
- BRACKENRIDGE, PA
- BRADDOCK, PA
- BRADFORDWOODS, PA
- BRIDGEVILLE, PA
- BUENA VISTA, PA
- BUNOLA, PA
- CARNEGIE, PA
- CHESWICK, PA
- CLAIRTON, PA
- CORAOPOLIS, PA
- COULTERS, PA
- CREIGHTON, PA
- CRESCENT, PA
- CUDDY, PA
- CURTISVILLE, PA
- DRAVOSBURG, PA
- DUQUESNE, PA
- EAST MC KEESPORT, PA
- EAST PITTSBURGH, PA
- ELIZABETH, PA
- GIBSONIA, PA
- GLASSPORT, PA
- GLENSHAW, PA
- GREENOCK, PA
- HARWICK, PA
- HOMESTEAD, PA
- IMPERIAL, PA
- INDIANOLA, PA
- INGOMAR, PA
- LEETSDALE, PA
- MC KEES ROCKS, PA
- MCKEESPORT, PA
- MONROEVILLE, PA
- MORGAN, PA
- NATRONA HEIGHTS, PA
- NORTH VERSAILLES, PA
- OAKDALE, PA
- OAKMONT, PA
- PITCAIRN, PA
- PITTSBURGH, PA
- PRESTO, PA
- RURAL RIDGE, PA
- RUSSELLTON, PA
- SEWICKLEY, PA
- SOUTH PARK, PA
- SPRINGDALE, PA
- STURGEON, PA
- TARENTUM, PA
- TURTLE CREEK, PA
- VERONA, PA
- WARRENDALE, PA
- WEST ELIZABETH, PA
- WEST MIFFLIN, PA
- WEXFORD, PA
- WILDWOOD, PA
- WILMERDING, PA

Total population	305,704
Male population	148,101
Female population	157,603
Median age (years)	33.2
White Population	201,766
Black Population	79,710
Indian Population	584
Asian Population	13,465
Hawaiian Population	86
Hispanic Population	6,964
Median age (Male)	31.8
Median age (Female)	35
Total households	136,217
Family households (families)	61,741
Average household size	2.07
Average family size	2.87
Total housing units	156,165

Total population is 305,000, male and female not that far off, median age 33.2 – that's pretty low. Allegheny County used to be a really elderly population, but the demographics have changed. We

find race information, the median age for females and males, and you can see that females here are generally older than males.

We see total number of households, and can notice that family households represent a bit less than half, in Pittsburgh. We also see average household size and average family size. Good data to have.

B. Finding the Right Neighborhood

Now that you have located the right town for flippers or investors buying rentals, you must now locate the right neighborhood.

Here's another of my favorites. This is a list of data, related to EDD (which is the US Postal Service's *Every Door Direct* program). When you type in a Zip Code (23662 for Poquoson, VA), we find a little water community on the bay where almost every property is waterfront or has a water view. I think there are only about 17,000 people in the entire community.

Carrier Routes in ZIP Code 23662
Poquoson, Virginia

Buy a list of all the Addresses in ZIP Code 23662 | Buy a list of all the Businesses in ZIP Code 23662

Route	Type of Route	County Code	Business Count	Apartment Count	PO Box Count	Residential Count	Avg Household Income	Avg Property Value	View Map
B001	PO Boxes	51735	35	0	43	0	$55,000	$0	N/A
B002	PO Boxes	51735	28	0	46	0	$55,000	$0	N/A
B003	PO Boxes	51735	27	0	29	0	$55,000	$0	N/A
B004	PO Boxes	51735	13	0	16	0	$55,000	$0	N/A
B005	PO Boxes	51735	21	0	36	0	$55,000	$0	N/A
B006	PO Boxes	51735	9	0	5	0	$55,000	$0	N/A
C001	City	51735	7	0	0	736	$47,000	$202,958	Map
C002	City	51735	2	0	0	724	$74,000	$366,016	Map
C003	City	51735	22	0	0	523	$55,000	$292,335	Map
C004	City	51735	11	0	0	569	$68,000	$310,465	Map
C005	City	51735	5	0	0	685	$64,000	$314,306	Map
C006	City	51735	111	0	0	614	$58,000	$276,310	Map
C007	City	51735	2	0	0	774	$62,000	$404,469	Map
	Totals		**293**	**0**	**175**	**4,625**			

But here is where this gets important. We can see the carrier routes within this zip code. There is a business route as well as residential routes. You can see how many housing units are in the different routes, what the average household income is for the different routes and what the median or average home price is for the different routes.

If you are flipping properties, where would you want to be in this map? You might want to be in the range where people make $62k annually and the average home is worth $400k. Or on the route where people make $64k and average home value is $314k.

You may not want to be flipping in the route where people average $47k with $202k home values. You still could, but if you are flipping anyway, why not target areas with more income and more value in the homes?

Carrier Routes in ZIP Code 15229
Pittsburgh, Pennsylvania

Buy a list of all the Addresses in ZIP Code 15229 | Buy a list of all the Businesses in ZIP Code 15229

Route	Type of Route	County Code	Business Count	Apartment Count	PO Box Count	Residential Count	Avg Household Income	Avg Property Value	View Map
B001	PO Boxes	42003	15	0	20	0	$43,000	$0	N/A
B002	PO Boxes	42003	18	0	9	0	$43,000	$0	N/A
B003	PO Boxes	42003	5	0	3	0	$43,000	$0	N/A
B004	PO Boxes	42003	1	0	4	0	$43,000	$0	N/A
C041	City	42003	106	177	0	393	$33,000	$114,899	Map
C049	City	42003	0	12	0	566	$42,000	$132,040	Map
C050	City	42003	49	0	0	279	$45,000	$137,242	Map
C051	City	42003	6	44	0	489	$37,000	$106,054	Map
C052	City	42003	21	7	0	478	$43,000	$129,396	Map
C053	City	42003	0	0	0	377	$42,000	$168,277	Map
C054	City	42003	6	20	0	221	$30,000	$104,176	Map
C055	City	42003	15	60	0	383	$46,000	$182,284	Map
C056	City	42003	0	0	0	407	$52,000	$187,395	Map
C057	City	42003	20	133	0	467	$42,000	$155,156	Map
C058	City	42003	3	4	0	378	$42,000	$154,756	Map
C060	City	42003	2	29	0	435	$44,000	$138,878	Map
C061	City	42003	16	142	0	409	$38,000	$119,756	Map
C062	City	42003	4	34	0	436	$46,000	$136,557	Map
	Totals		**287**	**662**	**36**	**5,718**			

This is a Pennsylvania zip code. I know it well. You can see there are a lot of apartments in this area. It is called West View. This one has 177 units in one carrier route, with an occupancy of 393 people. That is an average of a little more than two per unit. Average income is $33k with $114 average property value.

If you work with Investors looking to buy rental properties this would be very important information.

Notice the three high rental areas in the Apartment Count column. You can see salaries are not too bad out here. Property values aren't too bad.

This is a list of data of Every Door Direct. This is an awesome resource. I use it all the time. If you do mailers, I suggest you take advantage of this service. I like to do letters that are targeted to particular demographics. Personally address them and get the salutation, and make that personal. And use the carry routes to determine where they go to.

In Module Four, we'll talk about doing what's called "direct mailing" to attract business. It works like a charm. We've sent mailers out to certain zip codes, or certain carrier routes by zip codes, and gotten as high as a 50% return call rate.

That is just unheard of in our business. Most of the time it's 2-3%.

However, I've never gotten a return call rate less than 10%, because I highly target who's going to get my letters. They're very niche-specific, and that's how you can create such a high open rate and return call rate.

This objective data is comprised of facts and statistics about the local population, collected by the U.S. Census Bureau. It describes the age, sex, income, home value, and whether the household owns or rents. This information is very important as, it deals with the facts gathered during the census.

There are five sessions to this course. Some are a little bit more in-depth. This one has given you broad brush strokes on how your Investors will be locating specific areas in which to invest.

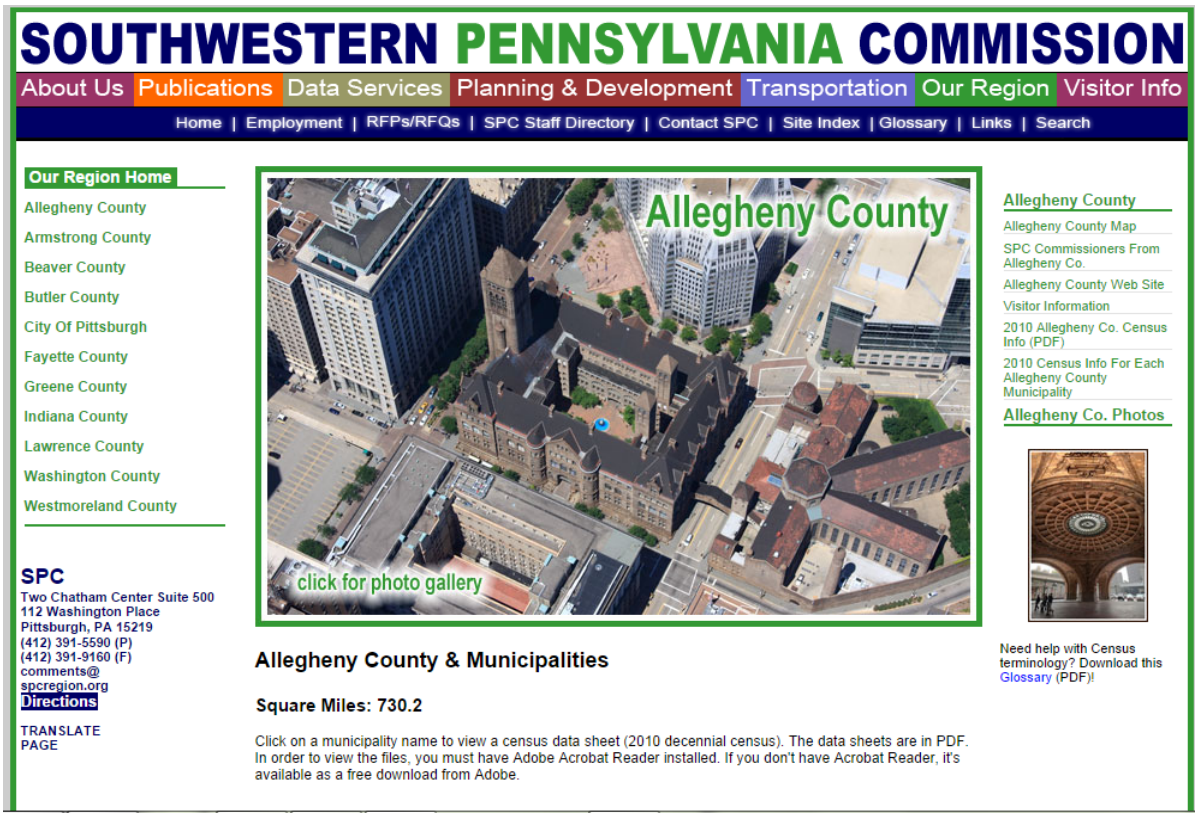
When you grasp this first part – how and where and when your Investors are finding the townships and the neighborhoods to invest in – everything else will make a lot more sense.

Use the following methods to determine the right towns and the right neighborhoods for investors

a) Flipping homes
b) Buying rentals

This is one example of a planning commission that we use to determine the right neighborhoods for either flipping or buying rentals. Every county and every city has its own planning commission. You have to determine what your planning commission is. They are all different. Use "spregion.org" and the instructions I provide below as an example of how to do this. This is the first step in locating properties to flip or rent. You will learn how to analyze specific properties in later modules.

Next is spcregion.org. This is a southwestern Pennsylvania Commission.



Let's pick Avalon Borough and we'll see what can be learned from this type of website.

Municipal Profile: General Population and Housing Characteristics 2010

State: Pennsylvania County: Allegheny Municipality: Avalon Borough

1. MAJOR TOTALS

Total population	4,705
Total housing units	2,729
Total households	2,411

2. POPULATION BY GENDER

Gender	Number	% of Total
Males	2,193	46.6%
Females	2,512	53.4%

3. POPULATION BY 5-YEAR AND OTHER AGE GROUPS (IN YEARS)

Age Group	Number	Age Group	Number
Under 5	218	45 to 49	314
5 to 9	190	50 to 54	399
10 to 14	175	55 to 59	341
15 to 19	259	60 to 64	240
20 to 24	335	65 to 69	165
25 to 29	378	70 to 74	168
30 to 34	326	75 to 79	214
35 to 39	303	80 to 84	183
40 to 44	259	Over 84	238

Median age (years) 43.1

Other Age Groups	Number	% of Total
Total 18+	3,975	84.5%
Males 18+	1,820	38.7%
Females 18+	2,155	45.8%
Total 21+	3,793	80.6%
Males 21+	1,730	36.8%
Females 21+	2,063	43.8%
Total 62+	1,096	23.3%
Males 62+	381	8.1%
Females 62+	715	15.2%
Total 65+	968	20.6%
Males 65+	326	6.9%
Females 65+	642	13.6%

4. POPULATION: ONE RACE ONLY

Race	Number	% of Total
One race only total	4,586	97.5%
White	4,118	87.5%
Black or African American	408	8.7%
American Indian & Alaska Native	20	0.4%
Asian	25	0.5%
Native Hawaiian & Other Pacific Islander	0	0.0%
Some other race	15	0.3%

5. POPULATION: TWO OR MORE RACES

	Number	% of Total
Total persons of two or more races	119	2.5%
White & Black or African American	64	1.4%

6. POPULATION: HISPANIC OR LATINO

	Number	% of Total
Total Hispanic or Latino (of any race)	57	1.2%
Mexican	16	0.3%
Puerto Rican	17	0.4%
Cuban	3	0.1%
Other Hispanic or Latino	21	0.4%

7. POPULATION: RACE ALONE OR IN COMBINATION WITH ONE OR MORE OTHER RACES

Race	Number	% of Total
White	4,227	89.8%
Black or African American	502	10.7%
American Indian & Alaska Native	56	1.2%
Asian	32	0.7%
Native Hawaiian/Othr Pacif Islndr	5	0.1%
Some other race	23	0.5%

NOTE: the numbers may add to more than the total population and the percentages may add to more than 100% because

8. POPULATION: NOT HISPANIC OR LATINO

	Number	% of Total
Total not Hispanic or Latino	4,648	98.8%
White alone	4,086	86.8%

Eleven pages of population data. This is extremely important to your investors so it should extremely important to you. If you know this stuff, just imagine how much credibility and respect you'll get from your Investor clients when you know what they know.

2010 Census data is available nationwide online for most regions of the country. I prefer to use this format because it is already complied, structured, and organized for me. If you go directly to census.org you may have to do a lot more work to get the same level of detail.

We can see from this report how many people are in each age segment. In Avalon, a high percentage are aged 65-69, as well as 70-74. There's a dip in the 60-64 range, but pretty good numbers around 25-29 and 20-24, and 30-34.

If you're supporting Investors buying rentals, this is good information. A lot of people in those prime rental age groups live in Avalon.

You will also find data on:

- Population of households in group quarters

- Population of group quarters by type
- Total number of households
- People over age 18
- People under age 18
- People over 65
- Vacant housing units

You think that would be important to your Investors? You betcha!

You can also find data on occupied housing units, owner-occupied housing units, and renter-occupied housing units.

When you see a two-thirds/one-third ratio (in other words two-thirds of the inventory is used for rentals and one-third is owner-occupied), that's a great ratio for Investors who want to buy rental properties.

Municipal Profile: General Population and Housing Characteristics 2010

State: Pennsylvania County: Allegheny Municipality: Avalon Borough

11. HOUSEHOLDS BY TYPE

	Number	% of Total
Total households	2,411	100.0%
Family households (families)	1,067	44.3%
Husband-wife family	690	28.6%
Male householder, no wife present	102	4.2%
Female householder, no husband present	275	11.4%
Nonfamily households	1,344	55.7%
Householder living alone	1,152	47.8%
Householder 65 years & over	461	19.1%

12. HOUSEHOLDS WITH INDIVIDUALS OF SPECIFIED AGE

	Number	% of Total
Households with individuals under 18 years old	424	17.6%
Households with individuals 65 years & over	737	30.6%

13. AVERAGE SIZE

Average household size 1.92 Average family size 2.78

14a. HOUSING OCCUPANCY

	Number	% of Total
Total housing units	2,729	100.0%
Occupied housing units	2,411	88.3%
Vacant housing units	318	11.7%

14b. VACANT HOUSING UNITS BY TYPE

For rent	130	For seasonal, recreational, or occasional use	7
Rented, not occupied	4		
For sale only	40		
Sold, not occupied	35	All other vacants	102

15. HOUSING UNITS, HOUSEHOLD POPULATION, AND AVERAGE HOUSEHOLD SIZE BY HOUSING TENURE

	Number of units	% of Total	Population in units	% of Total	Average household size
Occupied housing units	2,411	100.0%	4,626	100.0%	1.92
Owner-occupied housing units	1,170	48.5%	2,565	55.4%	2.19
Renter-occupied housing units	1,241	51.5%	2,061	44.6%	1.66

If you work with an Investor who wants to flip properties, you want to see this reversed – two-thirds ownerships and one-third rentals. Does that make sense? Of course it does.

You need to know and understand these principles. The data is individual to each subject area, relative to the county, relative to the region, relative to the state, relative to the United States of America.

You think that information might be important to your investors? You better believe it! So earmark this website and find the one that's appropriate for your communities, wherever you are in the country.

* * *

Not only can you see population by age broken down, but you can also find place of birth, marital status, ancestry, disabilities.

Municipal Profile: Selected Social Characteristics 2008-2012

State: Pennsylvania County: Allegheny Municipality: Avalon Borough

Disability Status of the Civilian Noninstitutionalized Population by Age Group and Type of Difficulty

	Civilian noninstitutionalized population	WITH A DISABILITY BY TYPE OF DIFFICULTY						
		With a disability	Hearing	Vision	Cognitive	Ambulatory	Self-care	Independent living
Under 5 years	161	0	0	0	*Not applicable*			
5 to 17 years	574	8	0	0	8	0	0	*Not applicable*
18 to 34 years	1,123	121	10	8	50	36	19	36
35 to 64 years	1,876	279	50	23	122	111	56	88
65 to 74 years	274	35	17	8	0	18	0	9
75 years & over	668	320	71	49	49	270	50	158
Total	4,676	763	148	88	229	435	125	291

NOTE: persons may have more than one type of difficulty, therefore, the sum of the values for the named types of difficulty may not equal the value in column "With a disability"

	PERCENT OF CIVILIAN NONINSTITUTIONALIZED POPULATION WITH A DISABILITY BY TYPE OF DIFFICULTY						
	With a disability	Hearing	Vision	Cognitive	Ambulatory	Self-care	Independent living
Under 5 years	0.00%	0.00%	0.00%	*Not applicable*			
5 to 17 years	1.39%	0.00%	0.00%	1.39%	0.00%	0.00%	*Not applicable*
18 to 34 years	10.77%	0.89%	0.71%	4.45%	3.21%	1.69%	3.21%
35 to 64 years	14.87%	2.67%	1.23%	6.50%	5.92%	2.99%	4.69%
65 to 74 years	12.77%	6.20%	2.92%	0.00%	6.57%	0.00%	3.28%
75 years and over	47.90%	10.63%	7.34%	7.34%	40.42%	7.49%	23.65%
Total	16.32%	3.17%	1.88%	5.07%	9.63%	2.77%	7.38%

Think for a moment about the "non-institutionalized population with a disability." They are not institutionalized. They are living at home, but they have a disability. The reason this may be important is, right now the American Disability Association is offering grants – and there are groups out there, quasi government agencies, who are offering rental assistance to people with disabilities. You can sometimes get two or three times more rent in a unit that meets ADA requirements. In other words, if you have a unit renting for $500 per month and it's ADA compliant you can possibly rent it for $1500.

Here is even better news, the ADA will give the tenant a grant to do any remodeling. Building ramps, putting grab bars in showers. You don't have to spend a dime. You just sign a paper that says you approve it, and when they move out you have the option of having them remove all those modifications or leave them. Well, by all means I would leave them. That is why this information is so important.

Municipal Profile: Selected Economic Characteristics 2008-2012

State: Pennsylvania County: Allegheny Municipality: Avalon Borough

Households With Selected Types of Income in Past 12 Months Type of income	Number of households with type of income	% of Total households	Average income (in 2012 inflation-adjusted dollars) per household by type of income
With earnings in the past 12 months	1,727	71.2%	$43,721
With Social Security income in the past 12 months	858	35.4%	$15,784
With Supplemental Security Income in the past 12 month	63	2.6%	$7,468
With public assistance income in the past 12 months	66	2.7%	$4,747
With retirement income in the past 12 months	418	17.2%	$13,176

Total households 2,424 (This is total households, NOT the sum of the households above; a household may fall into more than one of the above "type of income" categories)

Families by Family Income in the Past 12 Months (in 2012 Inflation-Adjusted Dollars)

	Number	% of Total		Number	% of Total
Families	1,058	100.0%	$45,000 to $49,999	56	5.3%
Less than $10,000	108	10.2%	$50,000 to $59,999	140	13.2%
$10,000 to $14,999	7	0.7%	$60,000 to $74,999	127	12.0%
$15,000 to $19,999	10	0.9%	$75,000 to $99,999	146	13.8%
$20,000 to $24,999	120	11.3%	$100,000 to $124,999	119	11.2%
$25,000 to $29,999	36	3.4%	$125,000 to $149,999	35	3.3%
$30,000 to $34,999	65	6.1%	$150,000 to $199,999	0	0.0%
$35,000 to $39,999	43	4.1%	$200,000 or more	0	0.0%
$40,000 to $44,999	46	4.3%			

You can also find salary information. Average income with earnings for the past twelve months. Social Security income, supplemental income, public assistance. When you see a neighborhood where very few people get public assistance, you can conclude that it is probably a very desirable area to invest in.

When you find a population with salary range between $60-100k, that is a very good deal for people looking to buy rental properties in the township. People on average make a lot of money in this township.

Poverty Status in the Past 12 Months of Families by Type and Persons by Age for Whom Poverty Status is Determined

	Below poverty level	At or above poverty level	Total	% of Total below poverty
All families	170	888	1,058	16.1%
Married couple	31	681	712	4.4%
Male householder, no wife present	36	45	81	44.4%
Female householder, no husband present	103	162	265	38.9%
All persons	828	3,857	4,685	17.7%
Persons under 18 years	243	492	735	33.1%
Persons 18 to 64 years	510	2,498	3,008	17.0%
Persons over 64 years	75	867	942	8.0%

Miscellaneous Income Data in the past 12 months (in 2012 inflation-adjusted dollars)

Median family income	Per capita income	Median earnings for the full-time, year-round civilian employed population 16 year and over with earnings, by sex:	
		Males	Females
$51,792	$21,917	$41,138	$32,993

In addition to marital status, you can see a breakdown by: married couples, female householder, male householder, median family income. The list just goes on and on and on. Employment status, how many people are employed and unemployed. Imagine why this is so valuable to your investors. That's why it's so valuable to you.

Municipal Profile: Selected Economic Characteristics 2008-2012

State: Pennsylvania County: Allegheny Municipality: Avalon Borough

Households by Household Income in the Past 12 Months (in 2012 Inflation-Adjusted Dollars)

	Number	% of Total
Households	2,424	100.0%
Less than $10,000	250	10.3%
$10,000 to $14,999	163	6.7%
$15,000 to $19,999	132	5.4%
$20,000 to $24,999	307	12.7%
$25,000 to $29,999	114	4.7%
$30,000 to $34,999	251	10.4%
$35,000 to $39,999	133	5.5%
$40,000 to $44,999	140	5.8%
$45,000 to $49,999	98	4.0%
$50,000 to $59,999	314	13.0%
$60,000 to $74,999	202	8.3%
$75,000 to $99,999	151	6.2%
$100,000 to $124,999	134	5.5%
$125,000 to $149,999	35	1.4%
$150,000 to $199,999	0	0.0%
$200,000 or more	0	0.0%

Median household income in the past 12 months (in 2012 inflation-adjusted dollars) $34,880

Means of Transportation to Work for Workers 16 Years and Over

	Number	% of Total excluding worked at home
Total excluding worked at home	2,356	100.0%
Car, truck, or van -- drove alone	1,587	67.4%
Car, truck, or van -- carpooled	386	16.4%
Public transportation (excluding taxicab)	219	9.3%
Bicycle	10	0.4%
Walked	154	6.5%
Taxicab, motorcycle, or other means	0	0.0%

Average travel time (in minutes) to work excluding worked at home 24.9

	Number	% of Workers 16 years and over
Worked at home	30	1.3%
Workers 16 years and over	2,386	100.0%

NOTE: Workers include members of the Armed Forces and civilians who were at work last week

NOTE: employment and worker data pertain to place of residence, not place of work

Here's another income chart. The number of people earning these income brackets here, usually in five thousand dollar brackets.

Municipal Profile: Selected Housing Characteristics 2008-2012

State: Pennsylvania County: Allegheny Municipality: Avalon Borough

Housing Units in Structure

	Number	% of Total
Total housing units	2,735	100.0%
1 unit, detached	1,097	40.1%
1 unit, attached	153	5.6%
2 units	307	11.2%
3 or 4 units	319	11.7%
5 to 9 units	85	3.1%
10 to 19 units	120	4.4%
20 to 49 units	216	7.9%
50 or more units	430	15.7%
Mobile home	8	0.3%
Boat, RV, van, etc	0	0.0%

Year Structure Built

	Number	% of Total
Total housing units	2,735	100.0%
Built 2010 or later	0	0.0%
Built 2000 to 2009	0	0.0%
Built 1990 to 1999	13	0.5%
Built 1980 to 1989	219	8.0%
Built 1970 to 1979	245	9.0%
Built 1960 to 1969	489	17.9%
Built 1950 to 1959	418	15.3%
Built 1940 to 1949	289	10.6%
Built 1939 or earlier	1,062	38.8%
Subtotal: built before 1970	2,258	82.6%

Rooms

	Number	% of Total
Total housing units	2,735	100.0%
1 room	124	4.5%
2 rooms	85	3.1%
3 rooms	517	18.9%
4 rooms	380	13.9%
5 rooms	493	18.0%
6 rooms	423	15.5%
7 rooms	240	8.8%
8 rooms	263	9.6%
9 or more rooms	210	7.7%
Median number of rooms	5	

Occupied Housing Units by Year Householder Moved into Unit

	Number	% of Total
Total occupied housing units	2,424	100.0%
Moved in 2010 or later	236	9.7%
Moved in 2000 to 2009	1,243	51.3%
Moved in 1990 to 1999	436	18.0%
Moved in 1980 to 1989	134	5.5%
Moved in 1970 to 1979	201	8.3%
Moved in 1969 or earlier	174	7.2%

House Heating Fuel for Occupied Housing Units

	Number	% of Total
Total occupied housing units	2,424	100.0%
Utility gas	1,851	76.4%
Bottled, tank, or LP gas	18	0.7%
Electricity	512	21.1%
Fuel oil, kerosene, etc.	21	0.9%
Coal or coke	5	0.2%
Wood	0	0.0%
Solar energy	0	0.0%
Other fuel	17	0.7%
No fuel used	0	0.0%

Value of Owner-Occupied Housing Units

	Number	% of Total
Total owner-occupied housing units	1,236	100.0%
Less than $50,000	195	15.8%
$50,000 to $69,999	259	21.0%
$70,000 to $89,999	213	17.2%
$90,000 to $99,999	158	12.8%
$100,000 to $124,999	198	16.0%
$125,000 to $149,999	85	6.9%
$150,000 to $174,999	93	7.5%
$175,000 to $199,999	0	0.0%
$200,000 to $249,999	27	2.2%
$250,000 to $299,999	0	0.0%
$300,000 to $399,999	0	0.0%
$400,000 to $499,999	0	0.0%
$500,000 to $749,999	0	0.0%
$750,000 to $999,999	8	0.6%
$1,000,000 or more	0	0.0%
Median Value of Owner-Occupied Housing Units		$83,300

We also have the housing information on the physical building themselves. The percentages of when they were built. You can see Avalon is a somewhat older community, but not too old.

The bulk of the properties, actually half of them were built before 1939, which is important because in the 1940's World War II era, cinder block construction began. Builders started putting in BX wiring – which is a ground wiring systems. Prior to that they had a lot of sandstone foundations.

You can see a decent number of homes were built in the 1940s, 1950s and 1960s. A lot of rental properties do tend to be older. It doesn't mean they are bad properties, they are just older. A lot have been remodeled, most in fact.

Municipal Profile: Selected Housing Characteristics 2008-2012

State: Pennsylvania County: Allegheny Municipality: Avalon Borough

Vehicles Available for Occupied Housing Units

	Number	% of Total
Total occupied housing units	2,424	100.0%
No vehicles available	518	21.4%
1 vehicle available	1,203	49.6%
2 vehicles available	504	20.8%
3 vehicles available	164	6.8%
4 vehicles available	30	1.2%
5 or more vehicles available	5	0.2%

Occupants Per Room for Occupied Housing Units

	Number	% of Total
Total occupied housing units	2,424	100.0%
1.00 or less	2,424	100.0%
1.01 to 1.50	0	0.0%
1.51 or more	0	0.0%

Gross Rent of Renter-Occupied Housing Units

	Number	% of Total
Total renter-occupied housing units	1,188	100.0%
With cash rent	1,170	98.5%
Less than $200	9	0.8%
$200 to $399	73	6.1%
$400 to $599	373	31.4%
$600 to $799	447	37.6%
$800 to $999	187	15.7%
$1,000 to $1,999	81	6.8%
$2,000 or more	0	0.0%
No cash rent	18	1.5%
Median gross rent for renter-occupied housing units paying cash rent	$632	

Mortgage Status and Selected Monthly Owner Costs

	Number	% of Total
Total owner-occupied housing units	1,236	100.0%
Housing units with a mortgage	734	59.4%
Less than $200	0	0.0%
$200 to $399	8	0.6%
$400 to $599	28	2.3%
$600 to $799	80	6.5%
$800 to $999	197	15.9%
$1,000 to $1,999	381	30.8%
$2,000 to $2,999	40	3.2%
$3,000 or more	0	0.0%
Housing units without a mortgage	502	40.6%

Selected Monthly Owner Costs as a Percentage of Household Income in the Past 12 Months

	Number	% of Total
Total owner-occupied housing units	1,236	100.0%
Less than 20.0 percent	416	33.7%
20.0 to 24.9 percent	220	17.8%
25.0 to 29.9 percent	89	7.2%
30.0 to 34.9 percent	157	12.7%
35.0 percent or more	296	23.9%
Not computed	58	4.7%

Gross Rent as a Percentage of Household Income in the Past 12 Months

	Number	% of Total
Total renter-occupied housing units	1,188	100.0%
Less than 20.0 percent	309	26.0%
20.0 to 24.9 percent	260	21.9%
25.0 to 29.9 percent	69	5.8%

We can also see housing units with a mortgage, what the mortgage is, the percentage of the mortgage. Rental income. Gross percentage of household income. You can see from the data most people are spending, while doing a good job of keeping their expenses in check.

Now we're going to talk about the specific neighborhoods within those towns. Neighborhoods that are appropriate for your investors. Most investors are looking to develop cash flow. They want to be in rental areas that are more inclined to cash flow well. In the chart below, that's going to be the "C" neighborhoods. We're going to talk about A, B, and C here in a second.

Some of the appropriate neighborhoods will spill into the "B" areas. When it comes to people who are flipping properties, they'll be predominantly want to invest in the "B" areas, and some of that will spill into the "A" areas.

The "A" areas are typically luxury homes. In some areas the "A" neighborhood is going to be $500,000 and above. In some areas, it's going to be $2 million and above. There are others still that are actually going to be $6 million and above, if you can imagine that.

If you go to your Multi-List System, you can do an advanced search.

What sold in the range of $0 to $500,000?

What sold in the range of $500,000 to $1 million? That may need to be broken up into multiple ranges. When you get to $1 million and above, that will dwindle – unless, of course, you're in Southern California, where everything seems to be over a million dollars.

But when you get to say, $2 million and above, the air is thin up there. There are not as many properties, not as many people, and consequently, things move slower at that range. It's a lot more difficult to make money investing in the "A" neighborhoods. You can do it; you can flip in these neighborhoods when you're in a hot market.

A hot market could be applicable to a middle-range neighborhood (that's middle-class and upper-class). You've probably noticed, in an emerging economy, usually things rebound at this level first. Every now and then we'll see a trend that's contrary to that – where the affluent neighborhoods kick things off first – but that almost never happens.

As a result, it will be very difficult to make money buying properties for renting. These almost will never be cash flows; sometimes they're negative cash flow.

"A" Neighborhoods

Some people do buy these properties for rentals, and generally they are just looking to bury their money. They're looking for a placeholder, to keep their money in a holding tank, and for some

reason they're okay with taking a loss. I don't care – they can call it a paper loss all they want. A loss is a loss.

All of the loopholes prior to 1986 are gone. I usually do not recommend investing in "A" areas for either flipping or renting. It is very risky to tie up a million dollars. If things don't go right, you're going to feel that pain a lot more than you would in a $150,000 house, I can promise you that. I don't care who you are; it's going to hurt.

"B" Neighborhoods

"B" neighborhoods are your middle class. Again, it depends on what area of the country you're in. In parts of California the middle-class earns $600,000 annually. There are parts of Georgia and Texas however, where middle-class is $60,000 right now.

That might be a little aggressive, but the median, average home value is what you want to look at. If you're flipping, you want to be at that level. You can go down a little bit, slightly below it, and you can go slightly above it.

In an emerging economy, I would push a little bit. I would start here and maybe push up, push the upper boundaries of that middle class range for flipping. You'll see why, because as prices are rising, you want to lead the market.

Last quarter, average home prices were $215,000. When prices are rising, you want to push it to say, $225,000 to $235,000, or maybe even $240,000. Push it by about 10%.

In a declining economy, you have to price down to be in front of the curve.

If the average home price last quarter was $215,000 in your area, you need to drop your price to about $199,000. If you don't get there, leading by the right price, you will eventually get there by lagging, stagnating, and price-dropping – basically harming your client.

I know clients have a lot of influence. I understand. But you've got to learn techniques to speak with and negotiate with your clients, so they don't hurt themselves. If you do, you will have a friend for life.

With flipping, you want to be right around that median home price mark. That's where you're going to get the most traffic.

If you look at stats in your MLS system, you can fine-tune it to see what areas are selling the most – the highest volume in the shortest number of days. Days on the market should be shorter than average, and number of transactions should be higher than average.

"C" Neighborhoods

These are generally lower-income areas, or below middle-class. This doesn't mean they're bad areas. They are just populated by people who don't have the financial resources, income, or wealth to be in middle- or upper-middle- or upper-class.

Typically these neighborhoods are populated by renters. There are plenty of people out there who have lower incomes who are good renters. They're great, and they're going to be in these types of neighborhoods. You can squeeze up in the upper bands of the C-grade areas, and you can squeeze into the lower bands of the B-grade areas when you're renting.

What will happen is your ratio of rents to cost basis is going to start to suffer, which means your cap rate is going to start to suffer (cap rate being your net operating income divided by the cost basis of the property that you're purchasing).

The lower that number, the less rent you're bringing in, but also the less risk. The higher that number, the more rent you're bringing in, but the more risk. That rent is going to cost you more time and energy to collect.

Those properties will be more management-intensive. If your investors are in an area where cap rates are at 15%, that's okay. They just need to understand they're going to have to work harder for that 15%. They're going to work far harder for their rents, versus an area where the cap rate is closer to 10% and below. You'll have better quality tenants, less problems, less management-intensive, but you'll also make less money.

So for rentals, particularly for investors who are starting off, I recommend going in this range. Now every investor will have his own agenda. They might say, "I don't care what you say. I'm investing in rentals in this area." That's great; they just need to understand that their gross monthly rent multiplier may only be 1% of the purchase price, whereas in the "C" neighborhoods it may be 2%.

In other words, if a $100,000 building brings in $1000 a month in rent, that's 1%. A $100,000 building bringing in $2000 a month in rent, is 2% of the gross monthly rent multiplier.

It is a matter of cash flow.

I recommend higher cash flow properties. I am not afraid to say I started off building my portfolio in "C" neighborhoods. I pushed up a little bit as the years went on, buying larger complexes. But all of the investors I represented almost inevitably ended up in this area.

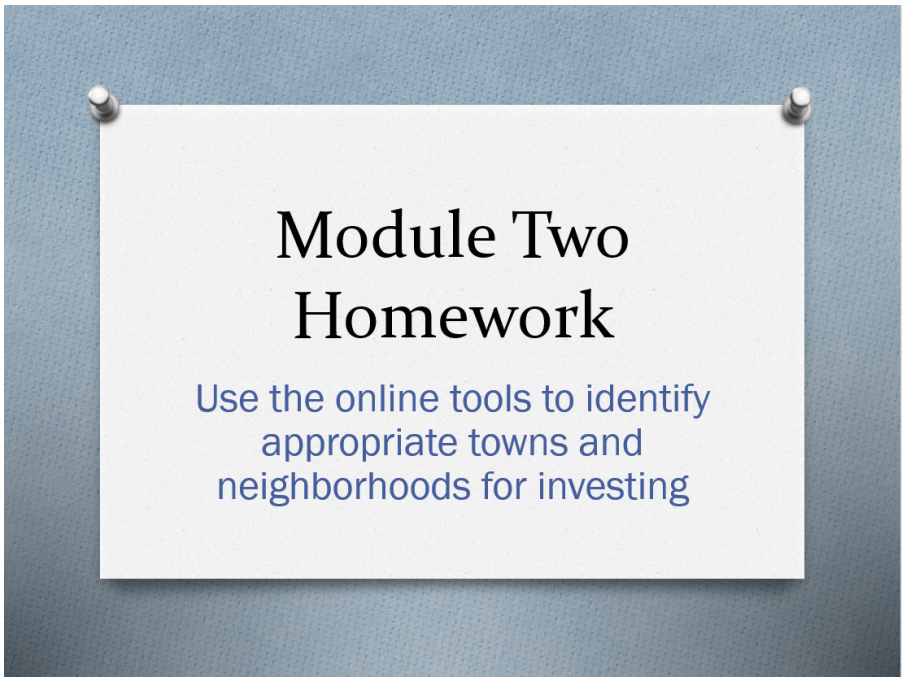
But I do not advocate dropping down below this area.

The next lower band is C-minus. Every now and then you will notice a boarded-up house on a long street or somewhere in the neighborhood. If there is one, no big deal. When there are multiple boarded-up houses, you are getting into what we call "warzones." I don't advocate investing there.

I recommend C-grade neighborhoods for investing in rentals.

Not C-minus – the war zones. If you see cars on blocks, boarded-up houses, empty lots with trash thrown all about, and you don't see anyone out walking around, that's an issue. You need to find neighborhoods to invest in where there's foot traffic. People are walking. People are jogging. People are cutting their grass and trimming their shrubbery and keeping up their cars outside, and keeping the yard free of debris and all that kind of stuff. It doesn't mean they are better neighborhoods, it just means there are good people living in those lower-income neighborhoods.

A-B-C properties, avoid the war zones.



Before you proceed, use the tools mentioned above to identify appropriate town and neighborhoods just like your Investors would do.

When you know how the tools work, you will know how your Investors work. This will give you a lot of credibility respect from your Investors. You will get repeat business. That's what this is all about!

Business with good quality Investors who have money and are looking at decent properties.

Not war zone properties, decent properties where you make decent commissions.

You can cash Real Estate commissions checks for $20,000, $30,000, $40,000, $50,000, even $60,000 from an individual Investor using these techniques. It can be an ongoing, recurring income. Over and over and over again.

If you have questions as you work through this module, please visit myinvestmentservices.com, call 1-800-931-2605, or email Support@MyInvestmentServices.com.

Module Three:

Types of Properties

Let's do a brief recap. This course is for people looking to build additional income streams either through investing in Real Estate or getting a license and representing other Investors, perhaps even representing themselves.

There is a lot of potential when you learn to use your license as an income-producing asset. You can leverage it because you're already doing the work. You're either representing people or investing, or both. I'll show you how to control that… to build additional income streams… without more work.

In Module Two, you learned to identify first towns, and then specific neighborhoods to invest in.

Now we'll learn how to target specific properties and learn the three strategies for Real Estate investing. The three most popular forms of investing are:

- Flipping
- Renting
- Wholesaling

You want to be prepared when representing your Investors, but in the most efficient way possible so they make a lot of money, and you make a lot of money.

REO: the accounting term banks use to categorize properties they have taken back in foreclosure.

Short Sale: properties that are technically in default but have not yet gone through foreclosure.

Estate Sale: usually the result of a homeowner's death. When sibling children inherit, they often see dollar signs and are hopeful for a windfall. The reality is that the inherited home is usually old and needs a variety of repairs, systems upgrades, or just downright remodeling.

You'll learn how to decide which properties are appropriate for flipping versus renting. Between wholesale, flips and rentals, you can use just about any kind of property if the terms are right.

Depending on where you are in the country, your area may have a lot of REOs, or Short Sales. Perhaps you live in Houston, Texas, certain parts of Georgia like Macon, or Jacksonville, Florida. Many areas in North and South Carolina, and even Virginia, are still digging through a lot of bank inventory.

Other areas have made dramatic improvements. They're in a reemerging economy, but some emerge faster than others because they started the recovery phase earlier.

Phoenix, Arizona was through the roof last year, and the same with Southern California. Areas like Laguna Beach appreciate at 15% per year annualized. That is amazing.

Other areas like western Pennsylvania never suffered much. The economy held fairly stable, yet there were certain pockets where people were outbidding each other for properties. Most of the bank-owned inventory is gone there.

Go to Investor Agent Home Course Main Page and scroll down to Websites for tool box 1 where you will find tools and instructions to help you locate estate sales, foreclosures (REOs) and other properties in bankruptcy, short sale, divorce, and landlord-tenant cases.

Module Four:

Targeting and Locating Properties

A. Targeting Properties

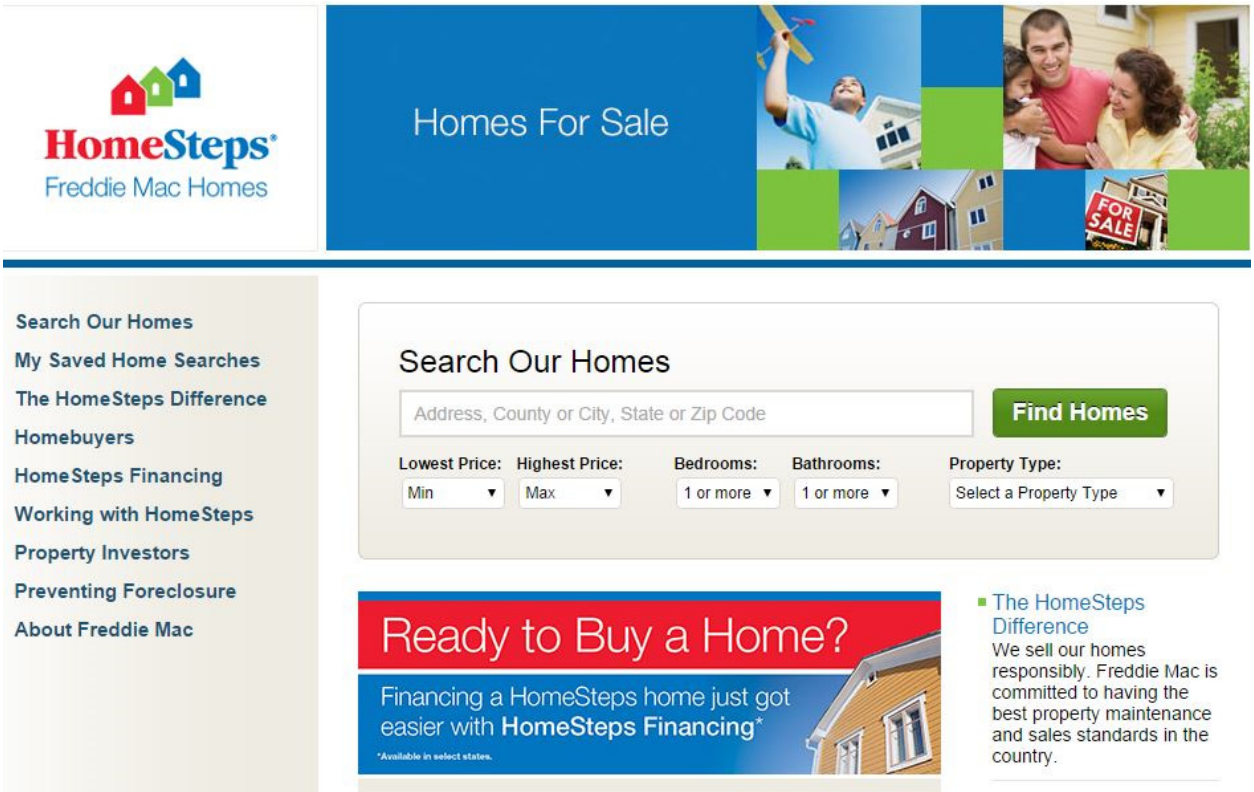
In any case, the information is valuable. If you're working with Investors who are flipping, typically the best opportunities are going to be REOs, Short Sales and Estate Sales, because the properties can be purchased at a favorable price relative to the surrounding market.

Granted, these properties will need work, but that's what flippers do. They intend to work on properties and improve them.

Let me show you where your Investors are going to find properties, whether they work with you or not.

B. Locating Properties

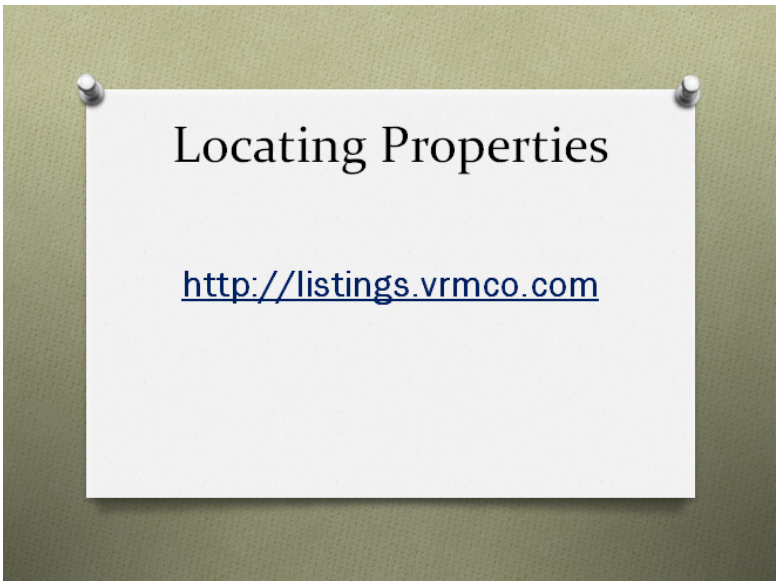
Next, let's look at HomeSteps. These are Freddy Mac, HUD, Fanny Mae, and VA homes. Fanny Mae and Freddy Mac are essentially quasi-government agencies. The VA is a direct underwriter. The bottom line is your Investor clients will be able to go to these sites and find properties.



The reason you need to know this is they're going to call you and say, "I saw this home on the HomeSteps. How come you didn't send it to me on the Multi-List?"

Sometimes you can determine the Multi-List is not up to date with HUD, or Freddy Mac, or vice versa. Essentially, you need to know how these sites work. They're very simple, very easy to use.

When your client calls you, locate the property on the Multi-List, or the county database (whichever is most appropriate), and see if you can determine what the scoop is.



These are your VA properties. Again, very simple to use: state, city, zip code, number of beds, number of baths, price range. You can find any VA property out there that you could possibly want. More importantly, your Investors can and will as well.

Locating Properties

http://www.homepath.com

I recommend you learn how to work with Fannie May and Freddy Mac, and learn their particular protocols. I used to service all of those guys. Each is different, and there's a lot of extra paperwork.

When working with these agencies, you won't normally use your own forms from your own board of realtors. Instead they will have forms you must use.

These sites have a lot of properties that have been up for a while. They still do in some parts of the country. I personally believe they are one of the more difficult to work with. I hate to say it, but that's been my experience. I've sold probably well over 1,200 REOs.

That's without servicing those guys directly. That's just me representing buyers. I actually ended up servicing some of these guys towards the end of my REO days and I hated it because they treat you like dogs, and you work really hard for a lot less money.

I'm making a lot more money servicing my Investors than I ever did working for these guys. I'm not saying you can't make money doing it, but be ready to work your you-know-what off, seven days a week. It's just crazy.

I actually built a brokerage team around this stuff. They are non-forgiving and they are not pleasant to work with. There, I said it. That's HomePath.

Where else are your investors going to be looking? You probably can think of a handful right off the top of your head.

They're going to be looking at Zillow. You would think Zillow is taking over the world, the way they're operating. They're able to, through VOW systems (virtual office website) and some other technologies scrape data from the Multi-List System, from those other sites I already showed you: HUD, HomeSteps, HomePath and VRM.

Zillow makes this data available for all your consumers to see. For a fee, Zillow will send you consumers and hopefully you'll get leads that work. I'm not telling you to do it, I'm not telling don't do it.

But I will tell you: you don't need those guys.

You may think you do, because they make it easy for you, because they're bringing together consumers for you. But do the math. Spend the money, see how many you actually close, and then see what you get through your own efforts, with the skills I teach you here in this process.

When you work with Investors on a regular basis, they aren't just leads. They are Investors who are ready to buy, and who have money. And they're repeat customers. Why would you not do this?

These Investors are using Trulia, Realtor.com, and individual broker sites like Caldwell Banker, Keller Williams, and Remax. There is reciprocity among these sites. Keller Williams shows Caldwell Banker properties, and Remax shows Century 21 properties. Even the smaller brokers participate.

I'm a broker in multiple states. I've owned companies and merged with some of the bigger ones. That allows me to retire.

Essentially, your consumers will find properties from a lot of sources, including Craigslist and The Green Sheet and the Penny Saver in the newspaper. Most newspapers now even have an online real estate section.

Your potential clients will get information about properties all over the place. But you want to train them to get their information from the Multi-List System, because it's the primary source of all the other data.

In other words, Trulia and Zillow and all those other guys base their information on MLS listings. They are very good at adding new active listings as they come on board, but they're not very good at taking them off when a property goes under contract or gets sold.

You will have to work with your Investors and condition them not to rely on those other systems. They should focus on the Multi-List System, because it contains the most accurate data.

I'm not saying you should tell them not to use other systems. But caution them to take those other site's listings with a grain of salt. They need to rely on data you can supply from the Multi-List System.

I discovered this several years ago while servicing multiple asset managers and large banks around the country. I was a banker for years and knew how to sell a lot of REOs. I had already sold over 1,100 REO properties before I even met these guys in 2007.

But afterward, I was breaking records and all kinds of neat stuff. Let me show you how it works.

Say you want to find a local bank. I'll explain why this is important in a second. Let's use one in Hampton Roads, Virginia: Towne Bank.

INVESTIGATIONS NEWS BLOG IRW INVESTIGATIVE REPORTING WORKSHOP ABOUT IRW BANKTRACKER SEARCH

Home
Banks
Credit Unions
Failed Banks

Methodology
About the Investigative Reporting Workshop

Each quarter the Federal Deposit Insurance Corp. requires every bank in the nation to submit detailed reports about its financial condition. This data is public. The Investigative Reporting Workshop downloads the data files from the FDIC website to extract several key variables of bank performance.

Find a bank

towne bank

Reset

Bank	City	State	Failed?
Towne Bank	Portsmouth	VA	False
Towne Bank of Arizona	Mesa	AZ	True

The first result is what I want. Towne Bank, headquartered in Portsmouth, VA.

Towne Bank

Portsmouth, VA

Latest Health Report

LATEST UPDATE: JUNE 30, 2019

Assets $11,942,504,000	Deposits $9,326,362,000	Loans $8,435,000,000
Loan Loss Provision $4,262,000	Profit $66,047,000	Capital $1,088,280,000
Reserves $54,527,000	Past Due 90 Days $1,043,000	Nonaccrual $18,202,000
Other Real Estate Owned $15,972,000	Capital Plus Reserves $1,142,807,000	Total Troubled Assets $35,217,000
Troubled Asset Ratio 3.08		

We see a troubled asset ratio. Towne Bank's troubled assets are shown in gold and the national median is in blue. You can see around late-2010 to early 2011 Towne Bank was in a little bit of trouble. They had more troubled assets on their books compared to the national average.

Why is this important? Because these are banks you can approach to get listings to sell to your investors!

You get some actual numbers here. This is the basic health of the financial institution.

I suggest using smaller, sub-regional, independent banks. If you try to go after the Wells-Fargos and Bank of Americas (and the big underwriters Fannie Mae and Freddie Mac) there are literally thousands of agents clamoring and clawing for those guys' attention.

If you work in an area with local, sub-regional banks (particularly ones you do business with) check them out on this website.

If you see the gold line going way up relative to the blue line, go visit them the very next day in person. Wear your best suit and take a briefcase. Show them what you are doing, what you are able to do and tell them, "Just give me one asset. Let me sell it. Let me show you what I can do."

Let's try another bank. First Commonwealth.

First Commonwealth Bank

Indiana, PA

Latest Health Report

LATEST UPDATE: JUNE 30, 2019

Assets $8,052,299,000	Deposits $6,180,959,000	Loans $5,968,021,000
Loan Loss Provision $6,930,000	Profit $55,208,000	Capital $763,386,000
Reserves $51,061,000	Past Due 90 Days $2,639,000	Nonaccrual $25,280,000
Other Real Estate Owned $1,884,000	Capital Plus Reserves $814,447,000	Total Troubled Assets $29,803,000
Troubled Asset Ratio 3.66		

You notice how the troubled asset ratio is consistently higher than national average?

Now let's compare. The first one was in Virginia, and the second in Pennsylvania. Look back at 2009 and 2010. You better believe these guys had troubled assets! And guess what? I approached them and did a lot of business because I used to split my time between Pittsburgh and Hampton-Roads. Now I'm all over the place including Southern California and Florida.

But if you stay close to just one location simply search your local banks. Approach them.

*By the way, western Pennsylvania has pretty much liquidated their default asset problem, but Hampton-Roads has not. Hampton-Roads is still digging out of a lot of defaulting loans with short sales and REOs. Same thing with parts of North and South Carolina, as well as parts of Georgia, Florida, and southern California.

Dramatic price escalations are happening in southern California and Phoenix, Arizona. Texas is a mixed bag – in some areas I swear you can buy houses for less than the cost of a good car, but others are doing really well. You just have to study your specific area(s).

The guys at American University put that together, and they are still at it. I love BankTracker.

Module Five:

Flipping

Some of the properties you and your Investor clients discover will be great for flips, but not for rentals. At this point, however, you want your clients to buy properties that are already in service, up and running, rented, and showing an income. Investors buying empty, boarded-up rental properties that need a lot of work will have a hard time getting financing. Banks right now want to see properties showing a cash flow on day one.

The bottom line is, he who masters the discipline of proper property analysis will become the master of profit.

The most important term to learn when it comes to flipping properties is the ARV – after repair value.

If you have an Investor in a neighborhood where the average home price is $200,000, then the MOST your investor should have tied up in that property is 70%, or $140,000.

He can purchase it for $139,000, put $1,000 into the property and then sell it for $200,000. He'd have enough room to pay the overhead for selling (commissions and closing costs) and make a nice profit.

That 30% cushion is where the profit and overhead come from.

Yes, you can flip with a lesser profit margin. Yes you can flip with a greater profit margin. However, you should not get in the habit of going below that 30% mark. Stay above it… well above it: 30%, 40%, 50%.

> When you add the cost of purchasing a property to the cost of rehabbing it, the total MUST NOT EXCEED 70% of the After Repair Value (ARV).

In my history, I've had flips sold where the cost basis was only 30-40% of the total. That's pretty awesome. It doesn't happen a lot, but it does happen.

ARV

You need to write this down and memorize it.

ARV is the market value of a property relative to its neighborhood.

If an Investor comes to you and says, "This is a $200,000 neighborhood. I want to buy this property for $180,000 and make a profit," you should caution them. They will wind up spending that $20,000 paying you and the closing costs. That's the ARV.

Step by step instructions for working with flippers

We want our Investors to be conditioned to do as much homework up front as possible before they (or you) ever set foot in the car, burning up your gas and your time.

The worksheet on the next page is the exact plan I follow when I make all of my investments. It is the plan I use when teaching several hundred students, and it is the plan I follow when I teach real estate agents how to work with investors.

It is a good plan. Follow it.

STEP BY STEP INSTRUCTIONS FOR WORKING WITH FLIPPERS

1. First we will have a telephone conversation to establish your investment goals. At this point you need to have available cash or credit to continue.

2. Send your name, email address, and phone number to me at: support@myinvestmentservices.com

3. Set up your search criteria on the MLS system.

4. Initially you will get an email with a link to the MLS system. The first property matching the search criteria will be shown with a drop-down box at bottom left allowing you to scan forward to other listings. You will receive the "FULL" listings. This first email will consist of several hundred listings.

5. Next, you will separate the good from the bad. Your objective is to narrow the list down to about 30 properties.

   Compare the list price to the market values for the area. The list price should be below the market value.

   Look at the photograph(s) of the property, the lot size, room sizes, and other characteristics.

   This will take a few passes. As you narrow the list also use the county website for further research. This is a process that you will get better at with experience.

6. The resulting list of 30 or so properties is your drive-by list. Now you will drive by the properties to further narrow your search down to 10-15 properties.

7. At this point you will email me the remaining properties. Send the MLS numbers in a comma-separated list. I will review your homework, making notes, and help you narrow the list down further. This will typically result in 7 final properties.

8. Now you will schedule an appointment to go see the properties.

9. After viewing the properties you should have a list of 4 or more properties that you will fill out the MAO and Cost Sheets for. Sometimes you will do this for all the properties.

10. I will review your list with you and help you decide which properties to make offers on.

11. Fill out the "Offer to Purchase," make a photocopy of your hand money check, and provide both with proof of funds to me.

12. Now you make the offer(s)!

Need more advanced help? Contact me at:
800-931-2605
Support@MyInvestmentServices.com
MyInvestmentServices.com

This is where your ability to turn a profit to make the most money, to make more money and not more work, is going to be dependent on this 12-step process. This is exactly what I use to actively invest myself, without any assistance.

Furthermore, it's what I have taught my Investors, face-to-face. Now I teach them online. I do some live teaching, but quite frankly, I no longer need to travel as much as I used to. I live out on the water. I go out on the water every day, and thanks to technology, I'm loving life right now.

If you follow my system, mark my words and write this down, I promise you will make more money and not more work. Your Investors will do the work as you guide them.

First you will have a telephone conversation with your clients. Later I'll show you how to get clients, don't worry. That's Module Nine.

At this point, your clients need to have available cash and/or credit, no exceptions. If they can't prove to you that they can qualify for a loan and they can't prove to you that they have cash, don't work with them. You'll be wasting your time.

Do not violate that rule, period.

Next, after you've pre-screened them by telephone, they will send you an email with their name, email address and phone number.

After that, you will set up a criteria search on the multi-list system: what areas to invest in, what type of properties they want to flip, or how many units in a property to rent (2-4, 5-10, 11-19 units). You need to get that search narrowed down.

Give them the full listing with all the information possible.

Right about now, you're probably thinking, "Hey, Gary, that sounds different than what I was taught about from my broker and my classes." I know it is. You've been taught how to work with owner/occupants. Those rules of engagement are completely different from the rules of engagement of working with an Investor.

I teach classes on working with owner/occupants, but when you're working with them, you're doing more of the work and you're prescribing the properties to them.

Here, your clients should be doing the analysis and prescribing the properties for themselves. You give them everything on the multi-list system, all the data, all the listings.

If they work with me and I've trained them, and I hope that I have, I'll teach them the same process. They're going to know how to go through all the properties to save you a lot of time.

They'll start by going through the properties. Their objective is, regardless of how many they start off with, even 300, it doesn't matter. They'll narrow it down to about 30 properties in the beginning.

If they only have 30, maybe they'll narrow it down to 10. Essentially their job is to look at the list price relative to market value. At this point, the searches need to be confined to certain neighborhoods. You need to know the market value, and so does your client.

If that list price is below market value, it's a keeper. It stays in the good pile. If not, it goes in the bad pile. Don't even look at it again. You'll know more about why in a second.

List price, in and of itself, is meaningless. But relative to market value is what's really important. Why spend your time looking at investment properties when you already know you've got good properties below market value? In the case of flips and rentals, the properties need to make sense economically from an income/expense standpoint. We'll cover that later.

Once your Investor clients separate the wheat from the chaff, that should narrow down the list by half. Now they will go look at photographs of the property, the lot size, the room sizes and other characteristics.

This will take several passes, but they will narrow down the list to just those that have the greatest prospects of becoming a good flip.

If you notice, we have not yet actually talked about going to the property and looking at it in person. We're not even close to that yet. This is the high-percentage shot approach.

Will some good deals slip through the cracks? Yes, they will. But would you rather spend all your time going around in a car looking at properties that might be decent or might need a lot of work, only to find out they will never make sense as a flip prospect?

Why would you spend time with properties that don't exhibit the characteristics we've discussed? If they're retail priced, chances are the owners don't have to sell. It's not like REOs, Estate Sales and the pre-foreclosure Short Sales.

Your client will be narrowing these properties down on their desktop first. Once that list is narrowed down, then and only then, do they do the drive-by on their own. Not with you, not asking you to do it.

Whenever your Investor doesn't follow one of these steps, you need to correct them right there on the spot. If they do it again and you correct them again. But on the third time say, "Why don't you just bring me a deal?" They are not the kind of people you want to work with.

What I means is, "You go do all the work and I'll tell you if I like it or not." That's crazy. That's a horrible waste of your time. Don't ever do that.

Follow this program and your Investors will be doing the work with you there to guide them.

Now that your Investors have narrowed down the list of properties, they do a drive-by. This should help them narrow down the list again, to maybe 10 or 15. At this point, they should send you a list by email with the MLS numbers, separated by commas.

This way, all you have to do is simply cut and paste the MLS numbers. If the Investors give you physical addresses, or partial addresses – all that stuff on scraps and pieces of paper – you're going to spend hours trying to figure out what properties they're talking about.

Simply tell them, "These are the instructions. They're very simple. You need to give me the Multi-List numbers of the final 10-15 properties."

At that point, you're going to review their homework. This is where we get a little stickier, because some people say, "You're not supposed to be steering them."

We're not steering them. What we're doing is guiding them. As a licensed Agent, and possibly a Broker, you have a responsibility to look out for your client's best interest.

If they give you 10-15 MLS numbers, you want to try to cut it in half again for them. Narrow it down to say 6 properties on average. It doesn't make sense to go out to look at 10 properties. The human brain is incapable of digesting and compiling and organizing all of that data.

6 is the magic number. Sometimes it's 7, sometimes it's 5, but on average it's 6.

Narrow down their list to 6 properties. If you can't (in good conscience) eliminate any of the 10-15, then you need to create a List A and List B.

List A is the ones you most likely think will be the best prospects for making money. List B is the least likely. If you strike out on the A list, you can always go with the B list.

Then you schedule an appointment to actually go see the properties.

Every week of my life for years, I worked on the following schedule:

On Wednesday of any week, I sent an email out to my active buyers.

Typically, I have anywhere from 6-10 buyers at any given time. I wouldn't work with all of them at once. I would work with four at a time and tell the other guys they're going to be on hold for a week or so.

I can do 6 in a week, but then I'm really cutting into my personal time, and I never like to work Sundays, so I didn't. I didn't want to work every night of the week, so I didn't do that either. I did a lot of stuff in the afternoons.

A lot of investors are willing to take off an afternoon to go with you to look at properties. I did usually four afternoons a week and a half a day on a Saturday. That's all I did.

Every time I went out, probably greater than 90% of the time, we would find 1-3 deals we would make offers on. My offers had an average of 60% acceptance rate after negotiations.

In any case, send an email to your active clients.

"Here's my schedule for next week. First come, first serve."

You can see how you're conditioning them to follow your instructions, follow your lead and follow your guidance.

You're controlling the scheduling. They're controlling which properties they select. The bottom line is you're the driver of the bus, not them.

Once you view the properties, you should have a list of four or more properties that you will fill out the MAO (maximum allowable offer) and Cost Sheets for. This is a critical step.

On flips, you're going to fill out the MAO sheet. Essentially you take the market value of the house relative to the neighborhood. Let's just say it's $200,000. Knock off 30% for profit and overhead. That takes you to $140,000.

Then you knock off the cost of rehab from the $140,000. Let's say it's a $30,000 rehab job. What that means is now $110,000 is the most you can offer on that property.

Would you start off offering $110,000? Most likely not.

In an emerging economy, I probably would. If prices are on the run up, I would be a little more aggressive. If prices are falling, then first and foremost be flipping. If your client is a gutsy person, you want to go down a little more.

That's how that works. That's the MAO, and we'll talk a little more soon. In any case, tell your clients to fill out the MAO and have it back to you that evening.

Then you'll go over it with them.

Here's why. What you're trying to do with them at this point, between steps nine and ten, is to categorize final properties. It could be the 1-4 most likely to profit from, or 1-4 least likely to profit from. You create the expectation that an offer is going to be made. Because guess what, an offer is going to be made.

You wouldn't be out with these guys if they weren't ready, if they weren't prequalified financially, if they didn't have the money. They're hungry, they've done a good job analyzing properties online, analyzing them in person. They want to make offers, and you're the person to help them do it.

What you do is get rid of the properties that didn't make the top cut. Keep the top 1-4 and discard the rest. They're just going to take up space. Get rid of them. Your client is not going to buy them.

Let's say your client comes up with two or three properties, but is only going to buy one. Here's an opportunity for you to make more money.

This client is going to buy one of them. You can take the other one or two and tell the client, "I want your understanding that if you don't buy this property, I'm going to recommend it to another Investor."

All the work has already been done. You can easily make someone else happy by saying, "I went out with an investor, found three great deals, but we're only buying one. Here's one of the other ones. Want to take a look?"

This is an example of leveraging your time (based on work you're already doing) to make more money without more work.

Here's another approach that works well:

> Before you leave the scene of your property search, throw down your tailgate or use the hood of your car or stop at a local coffee shop. Lay out the 5, 6 or 7 properties you saw.
>
> Go through them and say, "After our initial review and our initial notes, which ones do we determine are the ones that we want to go after? Let's get rid of the rest."
>
> That's a powerful psychological tool that keeps them engaged. The expectation is we're going to make an offer after we do our analysis, our number-crunching. That's why you have such a high-percentage shot of making offers and getting offers accepted and getting paid.

That is the nut in the shell right there, if you follow this procedure. You now know how I was able to make so much money and do so many transactions. Literally, it was not unusual for me to do 50 or 60 transactions per year. One year I did 110 transactions. With no assistance. No admin help. I did it myself. All of this. And you can do it, too. I didn't work Sundays and I didn't work every night. I still had my free time.

In any case, you'll step through this process, and determine which property (or properties) the client is going to make an offer on. Your commitment is to write those offers up and have them sitting in the client's email inbox first thing the next morning.

You're going to write up the offer that same night you visited the properties with your client. The client is going to receive the offer in the morning, sign it, and send it back to you so you can present the offer to the seller.

The client also needs to give you a photocopy of the check. You should already have proof of funds. That's how the deal is done. That's how you make money working with Investors.

Hopefully your jaw is dropping and your eyeballs are popping open. You can see how this approach is so much better than what other Investors are trying to do to you. Their approach is horrible. You spend all the time, energy and money and they sit back and get to pick and choose. That's crazy.

When you and your Investors use my approach, you'll also both make more money. You and they will also spend less time – because this is the high-percentage shot routine, not the shotgun routine.

That's the big difference.

Making Offers

This is where the rubber meets the road.

You have come a long way and now it is time to make the offer. You cannot violate the maximum allowable offer (MAO). If you trespass beyond this line you will be tempting fate and less profit.

The MAO is the most you should offer for a property. MAO is the ARV of the property less your 30% profit margin, then less your rehab costs.

The following is a chart you can use in your efforts:

Maximum Allowable Offer (MAO)

		ARV
	-	Less Costs (30%):
	-	Less Repairs:
Equals		MAO

Starting Offer

		MAO
	-	Less 15%
Equals		Starting Offer

ARV is arrived at by looking at comparable sales (comps) from the area. Either you or your realtor needs to be the expert in the area in which you are investing.

I cannot emphasize how important this value is. If you project too low your offer will not be accepted. If you project too high you risk paying too much for the property.

You have to get it right. Period.

This is the approach. While you're at the properties, your Investors will go through the physical analysis. Remember, you're not an Inspector. You are a Real Estate Agent. If you see things, you're obligated to point them out, but you're not there to look for things. You're there to help and guide your Investors.

I've had so much experience doing this that I'm able to point out almost everything. I'll disclose that I'm not an Inspector, but when I see something I've seen 5,000 times before (and I think it could be an issue) I tell them they should have it looked at.

Before I give more examples, let's look at the Property Inspection Report and Rehab Analysis Form.

These are forms your Investors should have and fill out.

They are very detailed. Interior, exterior, the amount needed. At the very end your Investors are going to calculate what they need to actually rehab the property. That's an important form to know, and you have to get copies of this, just like your Investors will.

Next is another version, where we talk about plumbing, electrical systems, glass, built-in appliances and equipment, heating and air conditioning, the building itself, the grounds.

Your Investors are going to determine using these forms what will be required to rehab these properties.

PROPERTY INSPECTION REPORT

Property Address_____

GENERAL BUILDING EXTERIOR Est. Repair/Replace?

Grounds

Landscaping_____

Pool_____

Sewers or Septic Tank_____

Sprinklers_____

Others_____

Building

Roof_____

Chimney_____

Foundation_____

Wood Exteriors_____

Other_____

GENERAL BUILDING INTERIOR

Heating and Air Conditioning Systems

Furnace_____

Air Conditioning_____

Water Heater_____

Other_____

Built-In Appliances and Equipment

Ovens_____

Burners_____

Microwave_____

Dishwasher_____

Disposal_____

Smoke Detectors_____

Intercom_____

Electric Garage Door Opener_____

Other_____

Electrical Systems

Interior Lighting_____

Exterior Lighting_____

Other_____

Plumbing

Bathrooms_____

Kitchen_____

Laundry_____

Other_____

Glass

Windows_____

Screens_____

Window Panes_____

Glass Doors_____

Shower Glass_____

Tub Enclosures_____

Mirrors_____

Other_____

Personal Property

Carpets_____

Draperies_____

Other_____

TOTAL_____

PROPERTY REHABILITATION ANALYSIS

Property Address_____

Owner's Name_____

Telephone Number (Home)_____

Telephone Number (Work)_____

Age of Property_____

Listing Broker_____

Existing Loans & Status_____

Insured By_____

Amount_____

REHABILITATION NEEDED & ESTIMATED COSTS

A. Rehabilitation Period Costs

Architect_____

Legal Fees_____

Accounting Fees_____

Advertising_____

Insurance_____

Loan Fees_____

Loan Interest_____

Permits & Fees_____

Real Estate Taxes_____

Other_____

Contingency_____

Subtotal Rehabilitation Period Costs_____

B. Interior

Kitchen Appliances_____

Stove_____

Refrigerator_____

Dish Washer_____

Microwave_____

Washer/Dryer_____

Cabinets_____

Other_____

Subtotal Kitchen Appliances_____

Master Bedroom_____

Bedroom Two_____

Bedroom Three_____

Bedroom Four_____

Bathroom One_____

Bathroom Two_____

Den_____

Family Room_____

Halls_____

Floors_____

Elevator_____

Water Heater_____

Water Softener_____

Boiler_____

Air Conditioning_____

Ventilation System_____

Heating System_____

Electrical_____

Plumbing_____

Fire Protection System_____

Furniture Fixtures_____

Other_____

Contingency_____

Subtotal Interior_____

C. Exterior

Roof_____

Garage_____

Chimney_____

Yard_____

Landscaping_____

Well_____

Septic Tank_____

Sprinkler System_____

Driveway_____

Walkways_____

Porch_____

Fence_____

Steps_____

Pool/Pool Equipment_____

Light/Light Fixtures_____

Other_____

Contingency_____

Subtotal Exterior_____

D. Amount Invested

First Mortgage_____

Second Mortgage_____

Third Mortgage_____

Other Liens_____

Back Payments_____

Back Taxes_____

Closing Costs_____

Estimated Costs to Sell_____

Other_____

Subtotal Amount Invested_____

TOTAL COSTS EXCLUDING SELLERS EQUITY (A+B+C+D)_____

Estimated Selling Cost Based on Comparisons_____

Less Amount Invested (Total Costs Excluding Sellers Equity)_____

Profit Before Cash or Notes to Seller_____

Equity Before Cash or Notes to Seller_____

ESTIMATED GROSS PROFIT_____

Next is an example of a flip I did a while back – very small scale, but textbook.

The property was in a $75,000 neighborhood, kind of the lower end of the middle-class for that timeframe. I bought the property for $25,000.

My Rehab Cost Sheet told me the property needed $28,119 in repairs.

Rehab Cost Estimate Worksheet						
ESTIMATED REPAIR COSTS						
DESCRIPTION	**√**	**COST RANGE**	**ITEM COST**	**UOM**	**QTY**	**ITEM TOT**
Appraisal		$200-$325 EA	$250.00	EA		$ -
Power wash Outside (Front/Back)		$1000-$2000	$1,000.00	LOT	2	$2,000.00
Exterior Paint		$2000-$6500	$2,000.00	LOT		$ -
Exterior Siding		$200-$350/SQ	$200.00	SQ		$ -
Roof (3 Ply Flat 10 Year-Shingles)		$200-$300/SQ	$200.00	LOT		$ -
Roof (Silver Coat)		$400 LOT	$400.00	LOT		$ -
Gutters (Front/Back)		$7.00/FT	$7.00	LOT		$ -
Security Doors (Installed)		$300-$600 EA	$300.00	EA	2	$600.00
Storm Doors (Installed)		$200-$250 EA	$200.00	EA	2	$400.00
Interior Doors (Installed)		$125-$175 EA	$125.00	EA	10	$1,250.00
Ceiling Fans		$75-$125 EA	$75.00	EA	5	$375.00
Miniblinds (Installed)		$10 EA	$10.00	EA	25	$250.00
Windows (Double Hung-Installed)		$200 and Up/Window	$200.00	EA		$ -
Windows (Glass Block-Installed)		$200-$300/Window	$200.00	EA	5	$1,000.00
Drywall (Installed)		$27/Sheet	$27.00	Sheet		$ -
Interior Paint (2 Coat)		$200/Room	$200.00	Room	10	$2,000.00
Carpet/Flooring)		$14/Yard INSTL	$14.00	Yard	500	$7,000.00
Ceiling Tiles (Drop Installed)		$1.00/SQ FT INSTL	$1.00	SQ FT	30	$30.00
Kitchen (Complete)		$2500 AND UP	$2,500.00	LOT	1	$2,500.00
Bathroom (Tub Coat)		$900 AND UP	$900.00	LOT	1	$900.00
Bathroom (Including Tub Replace)		$2000 AND UP	$2,000.00	LOT	1	$2,000.00
Electric (Service Line 60-150 AMP)		$500 LOT	$500.00	LOT		$ -
Electric (New Breaker Box)		$700 LOT	$700.00	LOT	1	$700.00
Electric (New Funs Per Line)		$100-$150 LOT	$100.00	LOT		$ -
Light Switches/Outlets (est. 30)		$5 EA	$5.00	LOT	40	$200.00
Plumbing 4" Main		$475 LOT	$475.00	LOT		$ -
Plumbing 1" Feed		$125 LOT	$125.00	LOT		$ -
PVC Sewer Line 6'		$275 LOT	$275.00	LOT		$ -
Heater-Gas Forced Air (90% Eff.)		$1500-$2000 LOT	$1,500.00	LOT		$ -
Heater-Boiler (90% Eff.)		$3800-$4000 LOT	$3,800.00	LOT		$ -
Hot Water Heater (30 Gallon)		$450 EA	$450.00	EA		$ -
Property Cleanout		$500-$1000 LOT	$1,000.00	LOT		$ -
Demo Work (3 Men)		$500 DAY	$500.00	DAY	2	$1,000.00
Removal-40 Yard Dumpster		$500 LOT	$500.00	LOT	1	$500.00
Post Rehab Cleaning		$200-$800 LOT	$800.00	LOT	1	$800.00
Parge Basement (Concrete)		$1000 LOT	$1,000.00	LOT		$ -
Concrete Work (Flooring/Pavement)		$6.00-$10.00/SQ FT	$6.00	SQ FT	144	$864.00
Termite Treatment (Whole House)		$500 LOT	$500.00	LOT		$ -
Misc: (Detail Work, Exterminate, Etc.)		$1000 LOT	$1,000.00	LOT		$ -
Soffit Fascia		$5.50/FT	$5.50	FT		$ -
Landscaping		$25-$2000 LOT	$2,000.00	LOT	1	$2,000.00
Interior Trim		$3.50/LINEAR FT	$3.50	L FT	500	$1,750.00
Other:						$ -
Other:						$ -
			Total Estimated Repair Co			**$28,119.00**

You can see the breakdown there. Everything I came up with I detailed. I actually cut back on what I did and made the job a $25,000 job.

I bought the property for $25,000, rehabbed it for $25,000 and sold it for $75,000. That put me at the 33% profit margin. I made a lot of money on that house.

By the way, I didn't have to use a Real Estate Agent. I was going to. I was going to use me, Gary Wilson. But here's what happened.

On the day I finished a project, I went outside to push in a metal sign with my foot. No sooner had I stepped off the metal than a neighbor came across the street and said he had his eye on the property and my project, and would I be interested in selling it?

I said absolutely. It turned out his aunt used to own it. She passed away, and he wanted to buy it for his nephew, his sister's son, so he could live in the neighborhood.

I asked, "Why didn't you buy it yourself and do what I did?"

He said, "I'm in construction and the last thing I want to see when I get home at the end of the day is another hammer and another nail."

He let me do all the work. I told him $80,000 and he said, "How about $75,000?"

I smiled and said, "You have a deal." In less than half an hour, I had the property sold, closed it for cash in about three weeks and walked away with $25,000 profit. How do you like that for an example?

Now let's talk about the offer. This is where the rubber meets the road for your clients. We know about ARV and MAO.

ARV

When you add the cost of purchasing a property to the cost of rehabbing it, the total MUST NOT EXCEED 70% of the After Repair Value (ARV).

MAO

	ARV
-	Less Costs (30%):
-	Less Repairs:
	MAO

What that meant for my property was that I could not have bought and remodeled it for more than $53,000 to stay within the margin.

I bought it for $25,000, remodeled it for $25,000 and got $25,000 out. I actually made a 33% margin. ARV – repairs = MAO. I realized I couldn't spend more than $25,000 on that property.

So that's what I did. I bought it for $25,000. Your maximum allowable offer is your ARV minus 30% for profits and overhead, minus your repair costs. That gives you your maximum allowable offer. MAO = (ARV – repair costs).

My offer started off at $20,000 for that property and got it for $25,000.

Module Six:

Buying Rentals

There are two basic approaches. You can buy rental properties the same way you buy them for flips, which is to buy wholesale and refinance. That works great in a declining economy. That works great when there's a lot of inventory on the market. But in an escalating or emerging market, that doesn't work so well. You can do it, yes, but fewer banks will be willing to get excited about that type of transaction.

That's because they just went through a recession. They probably lost a lot of money, and they don't want to take any risks. They want to see turnkey rental properties, that is properties that are already making money on day one.

They want cash flow on the day the property is purchased, not six months after remodeling. That's what I do and that's what I advocate you do with your Investors. If you're buying rentals, buy turnkey rentals right now. Turnkey purchases are made the same way you would buy your own home. Make a down payment and finance the rest with a mortgage and a note.

You're looking for a neighborhood that will give you the best return on investment. You'll be flipping in middle class areas and renting in lower-income areas.

"B" grades for flipping, "C" grades for renting. We've already talked about that. Now let's start looking into it.

I'm going to give you some examples of what Investors look at when analyzing properties. The following is an example of a property I bought and sold for profit.

3834 Brighton

I bought this property initially for $20,000 and put about $15,000 into it. It was worth about $65,000 when I was done. This was one I bought wholesale, remodeled and refinanced. I had about a $45,000 loan after I refinanced.

It was worth $65,000 and was cash flowing like crazy. Eventually I sold it for $70,000. By that time, the mortgage was paid down to $35,000. I essentially doubled my money on a cost basis.

I had $35,000 into it and sold it for $70,000 and got $35,000 out. All the while I owned it, I was making a positive cash flow.

Property description, income and expenses are listed below for the property when it was sold.

Large up and down duplex with, new and separate G + E and new furnaces.
Tenants pay G + E, Landlord pays water. Residential neighborhood. Listed for $79,900.

Income: $1150/mo = $13,800/yr

- 1st fl 1BR = $450
- 2nd fl + 3rd fl 3BR = $625
- Garage = $75

Expenses:

- Taxes: $695.96/yr
- Insurance: $322/yr
- Water: $1388.50/yr (includes sewage and garbage)
- Maint/repair: $600/yr

Net Operating Income: $899.46/mo = $10,793.54/yr

Purchase price: $70,000, Down payment: $14,000

Loan: $56,000 over 20 yrs @ 5 %

Debt Service: $369.58/mo

Cash return: $529.88/mo = $6358.56/yr

Cash on Cash return rate = 45%, Cap Rate = 15.4%

That's an example of a rental property performer!

Essentially, you take your gross rent (in this case it's $13,800 a year). Subtract taxes, insurance, utilities, maintenance and repairs, and property management, and that gives you the net operating income: Gross Rent minus Expenses.

Then subtract your mortgage payment from your net operating income. That's your cash flow. It's a very simple formula.

Cash flow (or cash return) is your actual cash in pocket. Operating income less debt service.

Divide that figure by what you have into the property in cash – not the total price, just the cash you have into it.

You can see that cash-on-cash return is 45%. That's really important to people who also invest in the stock market. Let me ask you, can they just walk out the door any day and find a property that's going to give them 45% cash-on-cash return? Not likely.

That's why a lot of Wall Street guys are loving Real Estate right now. I'm talking about guys who manage funds like White Oak and Black Rock. I've met those guys. They are looking to invest tens of millions of dollars right now, and they are.

Even somebody who was the number one tobacco commodity broker in the world started investing in Real Estate. I was able to meet these guys because I was in the business. And you will too. It doesn't happen overnight, but it does happen.

CASH FLOW WORKSHEET

Gross Rent:_____

Expenses:

Taxes:_____

Insurance:_____

Utilities:_____

Maintenance and Repairs:_____

Property Management:_____

Subtotal Expenses:_____

Net Operating Income (NOI) =

Gross Rent_____

-Less Total Expenses_____

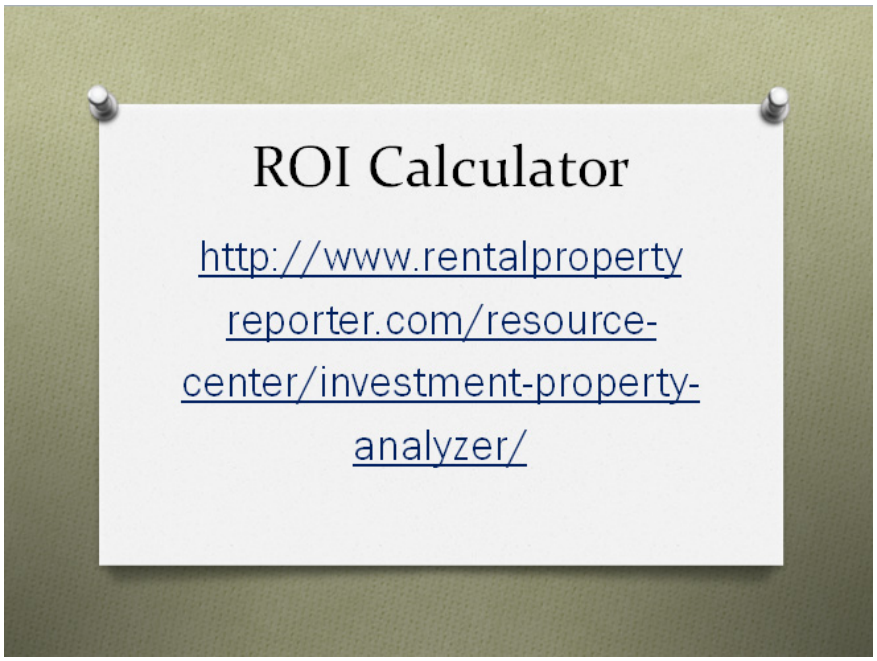
= NOI_____

Cash Flow =

NOI_____

- Less Mortgage Payment_____

= **CASH FLOW**_____



Next let's look at the blended rate return. This calculator is provided by Rental Property Reporter at the link above, and you can follow along on the next page. When we plug in a home value of $200,000 and an initial down payment of 20%, that leaves us with a debt service of $160,000. Right now you can get a 5% interest rate.

In the drop-down menu, we can look at the assumptions: 240-month term (that's 20 years), which is what I recommend. The cost of sale is fair.

In the income assumptions box, let's assume we're bringing in $3,000 per month. That's not too bad. Right now the cap rate says 18%, but that's not going to last. I'll show you why here in a second. When we update the vacancy rate field from 8% down to 3% (right now we're at 2-3%).

Their original figure for rent increases is a bit high. Let's say we're going to rent increase 3% per year. Right now we are raising rents very aggressively, far exceeding 3%. We're raising them as much as 10%, but you can't always count on that. That's just right now and it will only last a few years. On average you can raise rents about 3%.

Let's imagine we have to spend $10,000 on capital improvements at the outset of this initial expenditure. Maybe a new boiler, maybe a new roof.

More assumptions. Property management, 10% is reasonable. That's what I charge my clients on average. But maintenance at 1% is too low. That's only $30 a month. It needs to be about 5%. Higher in older properties, lower in newer properties.

The insurance cost figure is about right. Move-in/move-out costs occur when you have a change in renter. You've got to account for lost time when no money is coming in. Plus you have to count cleaning and painting and all that. On average let's say that's $2,000.

Rental Property Reporter™

Home | Categories | Landlord Tips | Find a Property Manager | Q & A Forum | Resource Center | SEARCH

Investment Property Analyzer – Rental Property ROI Calculator

Use the Income Property Analyzer to find the best investment properties

The Investment Property Analyzer will take the complex work out of evaluating the return on investment for any residential property investment. Just input a few numbers such as acquisition costs, rental income, interest rate, property and tax rate of any investment property and get back the expected 5 year return on your cash invested. Use this tool to evaluate potential investment property options. This calculator is easy to use but can also be fine-tuned using option inputs to match your specific situation or any local variations.

Return on Rental Property Investment Calculator

Complete the green boxes and this calculator will instantly display the ROI, cash flow, and IRR for this investment property. Adjust any of the required or optional inputs and the results will instantly update to reflect the changes.

Note: Assumptions are hidden by default. Expand the assumptions line to change the assumptions.

Step 1 – Purchase Assumptions

Required Inputs *Optional Inputs*

Home Value	$ 200,000	Price paid including capital improvements
Initial investment	20	% down = $ 40,000
Debt	$ 160,000	
Interest rate	5	% interest rate of mortgage
⊟ Assumptions (optional inputs)		
Loan Term	240	typical loan term (months, if no debt use term of 1)
Buying costs	1.0	% of sales price

Step 2 – Income Assumptions

Monthly Rent	$ 3,000	Gross monthly rental income Find estimated rental rates here
Cap Rate	18.00	%
⊟ Assumptions (optional inputs)		
Vacancy rate	3	% of annual term rental
Rent Increases	3	% of monthly rent

Step 3 – Operating Cost Assumptions

Property Improvements	$ 10,000	initial expenditures to get home ready for rental
⊟ Assumptions (optional inputs)		
Property mgt	10	% of monthly rent
Maintenance	5	% of property value
Insurance cost	0.5	% of property value
	$	
Move-in Move out costs	2,000	per change in vacancy (tenant placement fees, make ready, etc)

Step 4 – Property Sales Assumptions

Sales Price $ 231,855

Assumptions (optional inputs)

Selling Commissions 6.0 % of sales price = $ 13,911.00

Annual Appreciation 3 % yearly rate of price appreciation

Step 5 – Taxes, Inflation, & Return Assumptions

Land value 5 % of purchase price = $ 10,000

Tax basis $ 190,000

Property tax 2.5 % of property value Find estimated property tax rates here

Assumptions (optional inputs)

Tax Rate 25.0 % ordinary income tax rate for investor/owner

Capital Gains tax 15.0 %

Assumptions (optional inputs)

Tax Rate 25.0 % ordinary income tax rate for investor/owner

Capital Gains tax 15.0 %

Cost inflation rate 2.0 % applied to maintenance,turnover & insurance costs

Investment Hurdle rate 8.0 % annual rate, for comparison to other investments

Expected Rate of Return & Cash Flow Summary

Return on Cash Invested **87.3%**

Projected 5 year IRR **12.4%**

	Initial	Year 1	Year 2	Year 3	Year 4	Year 5	Net Total
Projected Cash Flow	-$40,000	-$9,414	$2,634	$3,198	$3,779	$74,722	**$34,921**

Hide Detailed Investment Performance

+ Table 1 – Cash Flows & ROI Details

+ Table 2 – Yearly Financial Projections Details

+ Table 3 – ROI Table Details

+ Table 4 – Year Ending Balances Details

In the property sales assumption area, this is assuming you sell the property down the road. $244,000 sale price, $231,000 after commissions is reasonable. That assumes about a 20% increase in value. I believe they're using a five-year assumption.

Selling cost/commission of 6% is just about right. We just determined annual appreciation should be about 4%, and let's call the land value $10,000, which is about 5%.

On an annual basis, let's say the property tax is $5,000. Some of you guys around the country might be licking your chops here, but it happens every day in areas like St. Louis, Pittsburgh, Cleveland, Jacksonville, and many parts of Georgia and Texas. This happens every single day.

Let's leave the tax rate as provided. 15% for capital gains, 2% for cost and inflation rate. Investment hurdle rate for comparison to other investments, let's leave that alone for now.

When we view the detailed investment performance, you can see cash from sale at the end is $80,000 because we have to pay off the mortgage, of course. You put in $40,000 and get $80,000 out in five years. That's actually about a 15% return, which is not that bad of a deal.

I'll let you look at the other tables on your own. For right now I just wanted you to see what you're Investors are seeing.

That total expected rate of return and cash flow summary, you can see in your first year if you just put down $40,000, you're going to have a hard time making more than that in the first year. In the second year, maybe a little bit of loss, but you can see by the time you get to year five you're making some pretty good dough in your net total.

This picture looks even rosier now. Cash flow plus the proceeds on the sale. That's your rental property reporter. I would get familiar with this tool and use it.

This is a really critical class. If you understand this material – if you nail this – your investors will love you, respect you, and refer people to you.

My referral rate from Investors is close to 100%. On average I've received one referral for every Investor I've already serviced.

I've serviced 168 different Investors. As a matter of fact, I had 168 while I was working as an active Agent. Now I'm a broker and teacher. Of those 168 Investors, 154 actually bought something. Imagine that. 154 out of 168, is a huge buy rate.

89 of those Investors were repeat buyers. Some earned me $20,000-60,000 in commissions over a period of just a few short years.

Large Apartment Complexes

Next let's look at a large apartment complex called Bevin Place Apartments. I own this building, purchased after investing in duplexes and other good starter properties. Eventually I bought this monster: 78 units and 30 garages. This thing is a cash flow monster.

I paid about $1 million for it, but now it's worth $2.3 million. I've owned it for about six years.

The Opportunity Evaluator on the following page is an interactive spreadsheet. You are going to get this in document form so you can share it with your Investors. Because it's interactive, if you change a figure, the other data updates automatically.

Right now we're getting $495 for the one-bedrooms. Notice gross operating income, and gross rental income. When we change that figure to $595, it adjusts the other figures so you can easily show a prospective buyer different scenarios.

This is incredibly valuable. Plug in the gross income. Currently the vacancy rate is set at 5%, but that's aggressive. It should be 2-3%. It gives you the effective income as well as other income from laundry. We make a lot of money on laundry at that complex.

You'll see calculations for gross income coming in, as well as fields for expenses: taxes, property insurance, management, repairs and materials, utilities, supplies, landscaping, snow removal, and security.

In the expenses area, you can see the net operating income is $266,000. If someone bought this property for $2.3 million, put down $525,000 and had a loan for $1.725 million it generates a price per unit at $29,000.

That means the Investor would have a debt service of $148,000 resulting in a cash flow of $117,000. This gives them a cap rate of 11.6%. That's pretty darn good for a large complex. It's all-brick, double-paned windows, with modern construction and wiring and new boilers and water tanks.

The debt coverage ratio is a calculated figure. Here it is 1.795. It is the amount of net operating income available for debt to cover the mortgage principle. The higher this number is, the better, because the banker is going to be looking at that information.

If it's down around 1.2, the bank might not finance the investment. Five or ten years ago they would have, but right now they're being very conservative.

Banks want to see something like 1.6-1.8%. You can change this ratio by changing the loan amount, the down payment, and the purchase price of the property. The form is very interactive. Make sure you save it on your computer. If you can squeeze it on your smartphone, do it there too. Just imagine what your Investors will think when you give them this tool to use, the way I'm giving it to you.

The Opportunity Evaluator™

CONFIDENTIAL

Current Situation

Physical Property Information

Type of Property	Apartment buildings
Property Name	Bevan
Address	1575-1595 Bevan Rd
City, State, Zip	Whitehall, Pa.
Property Size	(Rentable Sq.Ft.) 50,556 (Units) 78
Year Built	1950
Actual Age	55 Effective Age 55
Unit Mix	
Property Condition	
Parking Lot Cond.	
Who pays utilities?	Tenants pay electric
How is it heated?	Gas
Age of roof(s)	Mixed
Age of windows	
Garages ?	30 Garages

Acquisition Information

Purchase Price		2,300,000	Price Per Square Foot
- Mortgages (enter info below)	-	1,725,000	45.49
+ Loan Points ( )	+		Price Per Unit
+ Acquisition Costs	+		29,487.18
= Initial Investment	=	575,000	

Financing Information / Assumptions

	Initial Loan	Periodic Payment	# Payments Per Year	Interest Rate	Amort. Period (Yrs)	Loan Term (Yrs)
1st	1,725,000	12,358.44	12	6.000%	20	20
2nd						
3rd						

Gross Potential Rental Income Calculator (If GPRI already known, enter here:)

Office/Retail/Warehouse	
Rentable Square Feet	
Average Annual Rent/Sq.Ft.	
Annual Total:	

Apartments	# Units	Monthly Rent	Annual Rent
Eff	17	395	80,580
1/1	41	495	243,540
2/1	19	595	135,660
3/1	1	600	7,200
Total Units:	78	Total Rent:	466,980

Income / Expense Analysis

	ALL FIGURES ANNUAL	$ Total	$ / Sq.Ft.	$ / Unit	% GOI	% Op Exp	Comments
1	**GROSS POTENTIAL RENTAL INCOME**	466,980	9.24	5,986.92			
2	- Vacancy & Credit Loss (5% %)	23,349	0.46	299.35			
3	- Other Income (affected by vacancy)						
4	= EFFECTIVE RENTAL INCOME	443,631	8.78	5,687.58			
5	+ Other Income (NOT affected by vacancy)	37,200	0.74	476.92			
6	**= GROSS OPERATING INCOME**	480,831	9.51	6,164.50			
	OPERATING EXPENSES						
7	Real Estate Taxes	29,693	0.59	380.68	6.2%	13.8%	
8	Personal Property Taxes	0	0.00	0.00	0.0%	0.0%	
9	Property Insurance	13,535	0.27	173.53	2.8%	6.3%	
10	Management	22,749	0.45	291.65	4.7%	10.6%	
11	Payroll	0	0.00	0.00	0.0%	0.0%	
12	Expenses / Benefits (%)						
13	Taxes / Worker's Comp (%)						
14	Repairs and Maintenance: Materials	33,566	0.66	430.33	7.0%	15.6%	
15	Labor						
16	Utilities: Phone						
17	Gas	44,516	0.88	570.72	9.3%	20.7%	
18	Electric	18,983	0.38	243.37	3.9%	8.8%	
19	Water	34,067	0.67	436.76	7.1%	15.9%	
20	Sewer	7,400	0.15	94.87	1.5%	3.4%	
21	Accounting and Legal						
22	Licenses / Permits						
23	Advertising						
24	Supplies	0	0.00	0.00		0.0%	
25	Contract Services: Trash						**"What If..."**
26	Lawn care						**Cap Rate is:**
27	Landscaping	3,351	0.07	42.96	0.7%	1.6%	8.0%
28	Snow removal	4,137	0.08	53.04	0.9%	1.9%	**Value is:**
29	Other/Misc: security	2,700	0.05	34.62	0.6%	1.3%	3,326,675
30	**TOTAL OPERATING EXPENSES**	214,697	4.25	2,752.53	44.7%	100.0%	**Sale Cash Out (pre-tax)** 1,601,675
31	**NET OPERATING INCOME**	266,134	5.26	3,411.97	**DCR - BANK**	CAP Rate	**Re-Fi %**
32	- Annual Debt Service	148,301	2.93	1,901.30	1.795	11.6%	
33	- Funded Reserves						**Re-Fi Proceeds**
34	- Leasing Commissions				DCR - INV		
35	- Capital Additions				1.795		**Re-Fi Cash Out**
36	**= CASH FLOW BEFORE TAXES**	117,833	2.33	1,510.68			

LEAD DATE _____ LEAD SOURCE _____

ADDITIONAL NOTES _____

The return calculator we saw first shows you what happens when you sell the property, plus your income. The opportunity evaluator, the one we used for Bevin Place, and the income expense worksheet. That's for making the offers on rentals. Again, this is your maximum allowable offer. Don't worry about this, this is more true when you're buying properties that are wholesale and need to be remodeled to rent and refinance them.

On a straight rental, when you calculate what the actual purchase price should be in an emerging economy, that's what you're going to offer. You're going to offer that price. Give yourself a little bit of cushion.

In an emerging economy, if you chop off 10 or 20% on your initial offer, you're not going to be competitive. Your Investor is going to get beat out every time. You need to understand that in an emerging economy you need to push a little bit to land the good deals.

Here's why. Right now, prices are going up, and so are rents. Investors need to lock in and get in while the getting is good, get in while the prices are still relatively low to historical averages and rents are on the increase. Property values are increasing, rents are increasing, and interest rates are low.

We may never see this set of circumstances again for as long as we live. Make sure your clients understand that.

Here's the process. It's very similar to what we did with flips so I won't go over every nitty-gritty detail.

When it comes to multi-units, your Investors need to understand what average rents they can get for one- and two-bedroom units.

Once they know that, they'll be able to determine the true value of a property. On an income producing property, the value is more closely determined by the income rather than the market value of the surrounding area's sales history. That's what dictates value on single-family homes. On rental properties, the more units, the more. This income approach has weight and influence on an appraiser's or banker's value of the property.

A little duplex will be impacted by surrounding sales. Make no doubt about it, income is king, cash is king, whether you're an Investor or a banker. Both want to see cash flow coming out of the property. That's really what determines if the bank will finance it or not.

Everything else is the same. Begin with the full MLS list. The Investor narrows it down to the same number of properties as before. View the properties. The Investor fills out the analysis sheets, and you do your end-of-day wrap-up before you leave the scene. Then you get ready to make their offers.

STEP BY STEP INSTRUCTIONS FOR WORKING WITH RENTAL INVESTORS

This is the exact plan I follow when I make my investments. It is the plan I use when teaching several hundred students, and it is the plan I follow when I teach Real Estate Agents how to work with Investors. It is a good plan. Follow it.

1. First we will have a telephone conversation to establish your investment goals. At this point you need to have available cash or credit to continue.

2. Send your name, email address, and phone number to me at: support@myinvestmentservices.com

3. Set up your search criteria on the MLS system.

4. Initially you will get an email with a link to the MLS system. The first property matching the search criteria will be shown with a drop-down box at bottom left allowing you to scan forward to other listings. You will receive the "FULL" listings. This first email will consist of several hundred listings.

5. Next, you will separate the good from the bad. Your objective is to narrow the list down to about 30 properties.

   Compare the list price to the market values for the area. The list price should be below the market value.

   Look at the photograph(s) of the property, the lot size, room sizes, and other characteristics. This will take a few passes. As you narrow the list also use the county website for further research. This is a process that you will get better at with experience.

   For multi-units, experience in my market area shows I should get $400-500 for 1-bedroom apartments, $450-650 for 2-bedroom apartments, $600-750 for 3-bedroom apartments.

   Tax costs can be obtained from the listing. Insurance should be 0.5% of value annually (on a $100,000 property that would be $500 per year).

   I try to keep the price-per-unit to $35,000 or less per 3-bedroom unit, $30,000 or less per 2-bedroom units, and $25,000 or less per 1-bedroom unit.

   NOTE: different areas will have vastly different pricing models. Study your area and make adjustments accordingly.

   Other variables include the condition of the property (Turn Key versus Rehab).

   Trust your instincts and focus on what you think are the best deals. Eliminate the rest. You will get better with experience.

6. The resulting list of 30 or so properties is your drive-by list. Now you will drive by the properties to further narrow your search down to 10-15 properties.

7. At this point you will email me the remaining properties. Send the MLS numbers in a comma-separated list. I will review your homework, making notes, and help you narrow the list down further. This will typically result in 7 final properties.

8. Now we will schedule an appointment to go see the properties.

9. After viewing the properties, you should have a list of 4 or more that you will fill out the MAO, Cash Flow, and Cost Sheets for.

10. I will review your list with you and help you decide which properties to make offers on.

11. Fill out the "Offer to Purchase," make a photocopy of your hand money check, and provide both with proof of funds to me.

12. Now you make the offer(s)!

Forms to Use

Always use Association of Realtors Forms when making offers.

Always remember that when you are making an offer on a rental property to always make the offer contingent on seeing the current owner's financials on the property including all income and expense data for the last three years. No exceptions!

The only time you can't do this is when you are buying a foreclosure property. You also want to see current leases, any contracts the current owner has for services like pest control, property management, laundry, etc. You also want a contingency on seeing every single unit in the building you are buying. This is especially important if you didn't get to see all the units before you made the offer.

Need more advanced help? Contact me at:
800-931-2605
Support@MyInvestmentServices.com
MyInvestmentServices.com

Module Seven:

Wholesaling, Net Listing and Lease Options

A. Wholesaling

What is wholesaling? The short answer is that you can get a property under contract and then sell the contract to another buyer.

Here is a brief explanation in practical terms:

Assume the owner of a property is *Party A*.

Another person, *Party B*, makes an offer on that property.

Party A and *Party B* come to terms and execute a legally binding contract for the sale of that property. So far so good!

Party B does not intend to actually buy the property. He would like to profit from his efforts of identifying a good deal by selling the contract to *Party C*. He does this for a fee.

In other words *Party B* charges a wholesale fee to *Party C* in exchange for *Party C* purchasing the rights of the buyer in the sales agreement to buy the property form *Party A*.

Party C actually follows through and buys the property from *Party A*.

Graphically this looks like:

A → B = original sales agreement

B → C = wholesale deal

A → C = C buys property from A

Here are two examples of wholesale deals I was involved in. In the first example I was *Party B*. In the second example I was *Party C*.

If you represent the buyer, you also get the buyer's side of that commission. That's how you fit in, but there's more.

I just want to give you the basic formula. Three parties: the seller, the buyer and the wholesaler, the guy in the middle.

A lot of wholesalers try to do this outside the market, and a lot of them fail. They stumble and fall. That's because they're not doing it the right way. We teach you how to do it the right way.

Here's why it works. It works for two important reasons. Some people have available time, but not a lot of money. That's usually *party B*. They have time but no money. They need to find some other way to participate in real estate, so they wholesale.

Your *party C* is the people who have lots of money, but not a lot of time. This is typically your chiropractors and dentists. They have a little bit of money they want to invest. They just don't have the time. They'll buy these wholesale deals from the wholesalers.

Why It Works

Wholesaling works because of two important factors. First, some people have available time but not available money. Second, some people have available money but not available time.

Everyone fits in one of these two categories, with one exception. Some people have available time and money. Your goal is to be one of these people!

If you are in Category 1 (*Party B*), then you can serve those in Category 2 (*Party C*).

Everyone fits into one of these three categories. There are some exceptions. Some people have time and money. They might not want to be wholesaling, so they'll keep the property themselves.

If you're an investor, you're going to be one of these people. If you're an agent, you want to work with these people. If you're in category 1, you serve those in category 2.

In other words, *party B* serves *party C*. I kind of gave you a little bit of a rundown of how it works. I won't repeat that, but there is some stuff you need to know here.

What I will tell you is, in certain states you can do what's called a net listing. Pennsylvania is one of them. Virginia is not.

Net listing is you as the agent can sort of play the role of a wholesaler. You're still an agent providing broker services.

Let's say you find *party A* and they want to sell their house and they say, "I just want $100,000 out of this property." You know you can sell it for $120,000.

What you can say is, “Mr. A, I’d be glad to sell your house. Would you be okay if I structured it a little bit different? Would you be okay if I get you your $100,000, and my commission is anything greater than $100,000?”

If you sell it for $101,000, you as the Agent make $1,000. If you sell it for $120,000, you as the Agent make $20,000. You can see where a net listing is allowed, you may prefer to do a net listing versus a straight commission of say 6%.

If you yourself decide to wholesale and not go through a brokerage, or do wholesaling within brokerage, then you need to find another Agent who will act on your behalf to list the property. If you find a buyer, find another Agent who will represent your buyer. You’re simply wholesaling at that point.

I strongly encourage you to, in a state that allows net listing, to just do the former approach so you get the listing and profit from it.

The latter approach is necessary if you’re in a state like Virginia that doesn’t allow net listing, so you have to wholesale. Because you’re an Agent, you can act as a wholesaler, set up an LLC. We talk about that here.

One Agent on your team gets the listing, and he or she can represent the buyer. Another Agent brings in the seller. Both parties are represented by separate Agents. You’re simply a wholesaler, but you’re doing it through your LLC, so you’re not directly doing the wholesale. Your LLC is.

Here’s some critical stuff you need to know about wholesaling. How do you find buyers for your wholesale deals?

The reason why a lot of wholesalers fail is they go and find the properties first, before they find the buyers. What happens is their deals fall through. They get something under contract, but they can’t find a buyer in 30 days and so they have to cancel the contract. That means the seller is hurt because his property was off the market for 30 days.

The wholesaler shouldn’t be wholesaling because he’s doing it wrong.

You should find the buyers first. Get the buyers in your pocket. Build up your list of buyers. Then all you do is fill orders. Find buyers who are your dentists and chiropractors and other professionals, who have money but no time.

Find out what they want. When they’re ready to go (prequalified), they’ll say, “I want a three-bedroom home.” You go find a three-bedroom home, list it and sell it to them. That’s how you do wholesaling.

You can use all kinds of marketing techniques to find your buyers: Facebook, LinkedIn, Google, Twitter. You can do posts and advertising to show examples of deals you did before. You can also do nightly workshops.

We’ll get into the marketing in Module Four. If you do wholesaling the right way, it’s very simple. It’s not complicated at all

Wholesaling Business Structure

Note: I am not a lawyer. I recommend you seek the advice of a competent lawyer when deciding which entity to use when growing your real estate empire.

When it comes to wholesaling you have to beware of the rules and regulations regarding the transfer of real estate, and for the subject of this book, specifically those rules and regulations dealing with the subject of wholesaling.

B. Net Listing

In certain states, like Pennsylvania, if you are a licensed Real Estate agent, you can use the existing Real Estate rules and regulations in your state to participate in wholesaling.

If you are a licensed Real Estate Agent you can play the role of *Party B* from within the context of serving as a Real Estate Agent to *Party A*. This is how it works.

Assuming you are a licensed Real Estate Agent and you are also an Investor, you can approach a seller with the concept that you will list their property for sale under the following conditions:

1. The seller determines what final sale price they would like to see.

2. You enter into a listing contract for that price.

3. You agree that your compensation will be any amount of money that is over and above the final sale price the seller is looking for.

You list the house for a price that you believe it could actually sell for. Here is an example:

The seller *Party A* wants $100k for the sale of his house. You the agent/investor *Party B* enter a listing agreement that will net the seller $100k. You advertise the house for $125k, and you sell it for $120k. The seller gets $100k and you get $20k as your commission on the sale.

If you are a savvy Agent/Investor and the buyer of this house is going to remodel it and sell for profit (flip), you can propose the buyer also sells it with you as his Agent when the remodeling is complete and the house is ready for resale.

I'm sure you can see the tremendous potential for licensed agents in states that recognize net listings.

If you are licensed agent in a state that does not recognize net listings, or you simply are not a licensed Real Estate Agent, then I recommend you set up a LLC to conduct your wholesaling business.

Note: In most states, if you transact more than five wholesale deals in a year you may be viewed by the taxing authorities as a dealer. Check with your tax accountant and/or attorney to verify the federal tax rules and the state tax laws that apply to you.

Always remember that when you are using a LLC to conduct business, you should always sign with "Your Name, member (your LLC name here), LLC" Here is an example:

John Smith, member ABC, LLC

Do this on any business documents involving your LLC, wherever you would normally sign your name. If you don't do this and you sign your name personally, it could expose you to liability if there is a problem down the road with this particular transaction.

Selling the Contract

You have established a database of buyers and now you have filled an order for the buyers in your database who indicated they want to buy this type of property.

Now you have to tell them about it. You have to sell it so the current owner gets his price, the buyer gets a great deal, and you make a wholesaling fee – your Profit!

Remember this classic description by Bill Cosby: "If you give me a prime rib complete with a potato and sour cream and chives and a side salad served on a trash can lid I won't want what you are offering me. However, if you present this same meal to me on fine china and silverware then I will want what you are offering."

When wholesaling you want to create an investor package that showcases your wholesale deal. It should appeal to your buyer(s) enough that they will want to purchase it.

I suggest creating a brief portfolio with photos, a written description of the property and the surrounding area, and a pro-forma projecting financial results for the buyer of this property.

You can initially create a flyer to pique the interest of several buyers and only provide the portfolio to the buyer who is interested.

You will want to showcase this juicy deal on your website and even post on Facebook and LinkedIn to attract buyers. There is also a free system called Postlets which you can use to drive buyers to your website in conjunction with other social networks.

If you have done a good job building your database of buyers, found and secured a great deal, then built an appealing presentation and communicated it to your buyers, then you should make a profit for all of your effort.

This is important: if you are a licensee and you are going to wholesale, I highly recommend you set up an LLC to do that, particularly if you are in a state that does not allow net listings.

C. Lease Option

There is a hybrid approach to cashing in that works well in a tight money market. A tight money market is a market in which borrowing money is a little tougher than usual.

The basic concept is that of a Lease with an option to buy. This is actually two different disciplines. Also, notice I did not say "Rent to Own." NEVER do a rent to own.

When you rent to own, you are earmarking a certain portion of the rent to be counted as part of the purchase price of the house. This gives the tenant an equitable interest in the house which is a loose form of at least one of the seven rights of ownership. What this means to you is that if the tenant stops paying rent or you have to evict them for any reason you will not be able to.

The way the law works in these matters is that you will have to foreclose on the tenant because of their equitable interest in the property. An eviction may take about one month. A foreclosure will take at least a year or more, though it depends on the state. What matters is that you put yourself in a very risky position with a rent to own. A lease option is not as risky.

A lease option is really two transactions. One transaction is to rent the property to a tenant. This is strictly a lease standing on its own two feet. The option is really an option document where you, the *optionor*, are giving the *optionee* (your tenant) the right to purchase the property at a later date.

They have to purchase this option from you for a fee. The option fee is non-refundable. If they don't exercise their option by a certain date you can either extend the option period for another fee or not extend it and they simply remain as tenants if that is what you want.

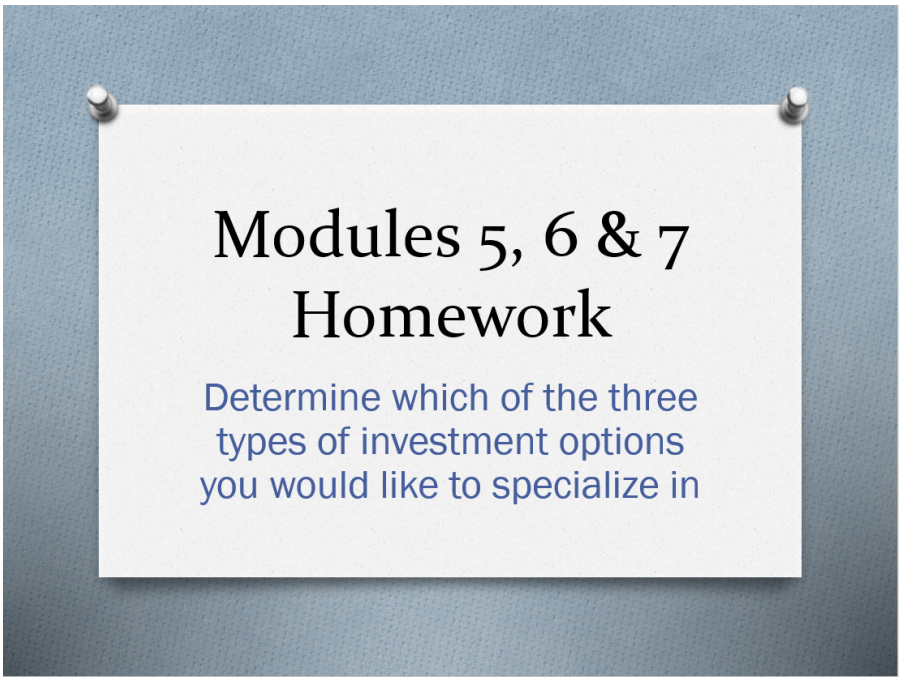
If they do not pay their rent you can evict them because the option fee they paid you does not count towards the purchase price of the house. They just purchased the right to purchase the house at a later date. The fee they pay covers your risk from removing the property from the market for the option period.

The price is usually locked in so you have the risk of not realizing any appreciation in that period of time. You also assume the risk of normal wear and tear on your property. And if that's not enough, you are doing the tenant the favor of giving them time to get their finances in order enough to secure loan to pay you off.

During this time you will be their biggest creditor. One of the big advantages to this is that if they don't end up buying, you keep the option fee and can try to lease option again. I have had houses I lease-optioned three times before they sold.

I came out the winner not just because I got to keep the option fee but also because I charged more rent on a lease option – and generally renters will take better care of the property because their intention is to buy.

So even when a sale doesn't go the through – a situation most non-investors see as a failure – you still win!



Review these three basic types of investing. Determine if you want to specialize in any one of these three. Also determine which one you're going to participate in yourself. I highly encourage you to walk the talk and invest yourself.

Now you're loaded down with tools and techniques to make yourself look good, make yourself the best Investor Realtor out there, and really blow your competition out of the water.

Nobody is going to be able to figure out how you're doing what you're doing. I can promise you that.

Need more advanced help? Contact me at:
800-931-2605
Support@MyInvestmentServices.com
MyInvestmentServices.com

Module Eight:

Investor Agent Roles and Responsibilities

A. Client Representation and Support

In Module One, we talked about the two roles of Investor and Agent. Should you be an Agent first before you invest? Should you invest first before you become an Agent? Really, it depends on your own particular circumstances.

Then we covered the investor rules of engagement. You learned how to identify the towns to invest in first, then the neighborhoods, and then the actual properties themselves. You received some great research links, and websites to take advantage of. These things are awesome tools. I didn't create them. I just discovered them.

We talked about A, B, and C neighborhoods and A, B, and C properties. In a follow-up lesson, we dug into the properties themselves and the types of searches that work for different types of investments.

If a client is flipping, you typically want to be looking for more REOs and Short Sales and Estate Sales. It's hard to find really good deals from doing only arm's length transactions with owner-occupant properties with enough margin for remodeling and profit. It can be done but it's more difficult, a lot more difficult to find.

We also showed you the common sources your clients are going to be using to find properties. We like them to use us and our Multi-List System but they'll be all over the place – the HUD Home Store, HomeSteps, HomePath, and of course the VA website. They're also using our old favorites Zillow, Trulia, and Realtor.com.

We talked specifically about how to analyze properties within the rules of engagement. If you follow this process, I promise you will make more money and not more work. If you don't follow this process – if you let the clients dictate the rules of engagement – you will have a great deal more work.

Remember, a lot of times you pick up clients from outside of this program. They're trained by other gurus and sadly, a lot of them don't speak kindly of realtors.

But understand, the reason they do that is because most realtors are not properly trained to work with Investors. There's an inherent disconnect. I've seen it hundreds of times. It's prevalent. That's why so few realtors work with Investors and know how to do it to actually make good money. I'm one of them and that's why I'm here. I'm going to show you how to do this the right way.

I promise if you follow this, you'll get awesome results. And it gets better. There is so much more to do. There are at least eight different ways to build income streams working with Investors. With owner-occupants, you will have one or possibly two.

We also did a physical analysis of flips to give you an example. We talked about making offers, and then learned about Investors who buy rentals. In the beginning, there are a lot of similarities in tools used to find the towns, neighborhoods, and properties. For rentals, however, you look for neighborhoods that will give you the highest return on your investment when used for rental purposes.

We discovered some calculators to simplify the analysis, and the opportunity evaluator for more advanced or larger properties. The blend and return calculator allows you and your clients to compare Real Estate investments to other forms of investments. These tools make you look really good in the eyes of your clients.

We worked through an example of a basic duplex and a simple proforma that follows Schedule E from our Federal Tax Returns. I created this one myself. It's very easy to do. You can always print these off, give them to your clients, and making offers on rentals.

If you follow the rules of engagement for buying rentals, you will make more money. You will have your Sundays free, half your Saturdays, and most evenings if you want. I chose to work in the afternoons with Investors. I found the Investors I prefer to work with were typically able to get their afternoons off during the week. Some did mornings, but it was just easier in the afternoons.

Wholesaling is more complex. There are ways to make money wholesaling when you're an Agent. If you like this concept, it is a great way to leverage your license whether you're in a state that allows net listings or in a state that does not allow net listings. It is an awesome way to make money and break into the business. You will learn a lot. You may get involved with rentals and flippers. If you don't know where to start, this is a great place.

If you'd like to learn more about wholesaling, I highly recommend the wholesaling training course. After you've taken one of our classes, the others are typically going to be just half price.

Investors have their rules of engagement and so do Agents. With the two processes I showed you earlier, working with flippers and those buying rentals, we discovered areas where the two rules of engagements meet. And in this business there are a lot of rules and regulations.

If you noticed, we never ever dictate what properties an Investor will buy. We simply guide them, allowing them to see the right purchase, the right properties to pursue. In any case, when you work with owner-occupants, it's completely different. If you're a good buyer's agent with owner-occupants, you prescribe properties for them. You do more of the work.

The part I never really liked about working with owner-occupants is it's one-and-done. You may get another transaction seven to ten years later, and a referral every now and then. But with Investors, I get repeat transactions sometimes on a monthly basis. Sometimes even more than that. But certainly over a period of years, I've earned $20k, $30k, $40k, $50k, even $60k dollars in commissions from the same client. Those clients, by the way, have now also been able to retire early.

It also get easier working with the same Investors. They get more and more educated, more and more sophisticated. They buy bigger properties, you make more commissions, and they do more of the work.

There are some people taking this class who are not yet licensees. They're looking to get their license, they need some direction. They know they want to work with Investors. They see the tremendous value.

This information is typical in most states. You always have two parts to your Real Estate education: the national part and the state part. Some states are similar. Some are not. California is different than most other states. However, Florida and Pennsylvania are very close. As a matter of fact, they're reciprocal states. Virginia is somewhat reciprocal with other states including Pennsylvania.

What that means is if you're a licensee in Pennsylvania, when you go to Florida, you may simply just have to take the state exam. You won't have to take all their courses. You just have to take their exams. In almost all cases, even when two states are reciprocal, you will have to take at least the state exam. Sometimes, you'll be required to take both state and national.

In those states that are not reciprocal, they actually make you take their training courses so there's no benefit. You can't leverage the classes you took in one state to get your license in another state. I'm licensed in multiple states and I try to do so with states that are reciprocal because it's easier that way.

To first get your license, you will take typically 30 hours of a national class and 30 hours in a state class. Each one has its own separate exam. Nowadays, you can take these classes completely online. When I took my classes, they were all in person.

I prefer a hybrid class where it's mostly online but perhaps you meet once a week in person. Those are great classes. They don't teach you how to operate and perform as a successful Real Estate Agent. They simply give you the law, and they give you the right to take an exam to qualify for your license. The license merely gives you the right to represent buyers and sellers. That's all you get from these classes – ultimately it's the right to represent other people. That's all you're getting.

Once you've taken the classes, you need to sign up with a broker. You have to hang your license with a broker. You can't operate independently as an individual Agent. You always have to operate through a broker's company. The reason is that the broker's company really owns the client relationship. You're simply an Agent working for the broker. Legally, that's how it works. There's more to it but that's fundamentally what's going on there.

You can sign up with a brokerage prior to taking the classes. Some people do this because the brokerage company often will pay for the course work. It's okay if you want to do that. I prefer to remain independent. I would suggest you take the classes yourself and then once you've taken the exams, link yourself up with a broker prior to getting your license.

At that point, you can shop around. You can go for big companies, little companies, regional companies. Everyone is different. I'm not going to recommend one over the other. I used to own my own brokerage company. I enjoyed being independent.

Back during the last recession when everybody was shrinking and dying, RE/MAX lost literally almost half of their Agents during that 4-5 year period. Most MLS areas lost about half of their Agents. There was only one large company that was growing, and that was Keller Williams. My company, Win Realty Advisers, grew six times during that period. The reason we grew is because we were working heavily with Investors. We do represent and did represent owner-occupants but when that business dried up, thank goodness for our Investors. We just dominated. We grew like crazy.

I would encourage you to shop around again when you're looking for a broker's company. Be careful of their requirements, what they ask of you. Some companies require you to do floor time, to come into the office and be there all the time and go to all these rah-rah sessions, stuff that doesn't do you any good, In most cases, you're just going to be wasting your time and getting involved in a lot of cold talk.

If you're going with a large company, go with somebody like Keller Williams because you don't have to go to the office. You don't have to go to all those meetings. You don't have to do any of that stuff and there's no floor time. They train you how to build your business your way. They show you how to build the business around yourself, not around the brokerage company.

In every other large brokerage company, it's about the broker. It's not about you. I know it sounds like I'm plugging Keller Williams. I don't mean to do that but they're the only company designed to be Agent-centric. Otherwise, you could go for a smaller company and look for their benefits.

For you guys out there that already have your license, bear with me because I'm not talking about this relative to what you've already learned working with owner-occupants. Remember, most of us were trained to work with owner-occupants because that's the vast majority of the business. At least, that's how it was perceived.

This information is relative to Investors. When you work with sellers, just like with owner-occupants, you're typically the only Investor Agent in your office. Whether strictly commercial or simply working with an Investor division, you have an agency relationship that creates fiduciary duties.

With sellers, you automatically run into a fiduciary agreement to keep their information confidential and sell their property for the highest amount of money in the shortest amount of time. The reality is the documents say nothing about you selling their property. They say you're going to market the property. You are agreeing legally and contractually to market the seller's property. You need to be aware of that.

When representing buyers always, always get a buyer-agency agreement. Don't ever work with anyone without a buyer-agency agreement. I can hear and see you guys out there now. You hate to do this. You don't want to scare people away in the beginning of the relationship. Here's the simple solution to that. Get your pad of paper and a pencil or pen handy.

First off, you never want to meet anybody in person until you know they're pre-qualified or pre-approved. Especially after this last recession. From the seller's perspective, this is almost

mandatory. They will tell you, “Don’t bring anybody by here unless they’re pre-approved or pre-qualified.” You should follow suit and say, “Mr. and Mrs. Buyer, I know you’re interested in buying some rental properties. Please get pre-approved first. When you do, let me know and let’s get together.”

At that point, you don’t want to bring them into your office. A lot of these guys are entrepreneurial. They’re already busy and they don’t want to get tied into an hour long conversation to hear the basic spiel most agencies make them go through. They see it as a waste of time. Remember, you can do this over the phone.

Once you know they’re pre-qualified, you can refer back to the rules of engagement for either people buying rentals or flipping. You’ll see most of that can be done over the phone. The first time you meet somebody at the property after they’ve already gone through the desktop analysis and narrowed their search down, you will know they’re engaged because they’ve gone through all that effort.

If they haven’t even taken the first step, why would you ever want to meet them? They’re just going to ask you to do all the work. If you follow my process, you’ll only meet them after they’ve done a lot of work. They’ve got some skin in the game. When you meet them at the property, maybe you’ve shown them six properties, that’s your opportunity to present the buyer agent’s agreement.

If you review your rules of engagement for working with flippers or those buying rentals, you’ll know that at the end of the day, you’re going to spend another quick 10 minutes going through the properties you’ve seen and narrow that down, to eliminate the wheat from the chaff. That’s when you say, “Was this day as good for you as it was for me? Great, we’ve got a lot of work to do to analyze what needs to be done physically to the properties. Would you mind going ahead and signing this buyer agent’s agreement while you’re doing that? This is important for me. And my broker requires it. It basically commits me to representing you and keeping your information confidential, and finding you the best property for the least amount of money and the shortest amount of time. Does that sound good to you?”

That’s how you get a buyer-agency agreement signed. You don’t have to make a special appointment just to do that. They will see that as a huge waste of time. Get them engaged first. Make sure they’re actually doing the work. Those are the people you’re going to want to work with.

By the way, the reason most of our offers get accepted is because these Investors have followed my procedures and they’re more motivated. Because they have skin in the game, they are more likely to follow through with offers through to negotiation and closing as opposed to all those other Investors trained by the gurus to do No-Money-Down techniques or For Sale by Owners. Frankly all those methods would take them forever to build wealth and income.

The same holds true for Buyer representation. If you use our procedures, you’ll have much better results.

With Landlord representation, though, we start to depart from basic the rules of representation for buyers and sellers. With owner-occupants, you typically don’t get into landlord representation.

We'll expand on this in Module Five when we talk about how to further leverage what you're doing. Right now, I just want to lay the groundwork.

Many of your Investors are going to be buying rental properties. Some may want property management right out of the gate. Some will buy three, five, or ten properties and realize, "Hey, I'd rather be the Investor and let somebody else finish the properties."

Because you're a licensee, you're allowed to manage properties for a client – for somebody you represent – and charge them a 10% management fee. There's a whole business around this we'll talk about in Module Five. You don't have to create a giant company to do this. You can do it on your own. I know plenty of people who do it because I've taught them. I used to do it myself and actually did build a big property management company. But I started off just managing a few properties myself.

In every state, the only way you can manage somebody else's properties without a license is if you manage only for one owner. In other words, you are dedicated to only one owner. That's if you're not a licensee. If you're a licensee, you can manage for multiple owners. The law lets you do that.

Part of Landlord representation is being a leasing agent. I don't really recommend this too much. I have a secret formula I'll show you how to accomplish in Module Five but essentially, you can charge leasing fees roughly equivalent to one month's rent. You've got to be responsible for paperwork and signatures but you can have somebody else open doors. You just can't have them discuss pricing or sign contracts. There, I just revealed part of the secret. In any case, part of Landlord representation is getting their units leased, shown, and rented. You can make money on that.

I generally don't recommend Tenant representation. However, if you or your brokerage has large properties or large units for sale in Southern California around Malibu, Santa Barbara, or Laguna Beach, those can rent for up to $75,000 a month. I'm not kidding you.

I would do that Tenant representation in a heartbeat for $75,000 a month rental fee. But in most parts of the country, your average rent might be only $1000 a month. I'm really not going to represent tenants in that situation because my focus is on the owners. I want to represent the owners. When I create a property management company, the tenants come to me, but indirectly because they're really clients and customers of the owners. I'm only showing apartments, signing leases, and managing units on behalf of the owner. That's my contact with the tenants.

However, if you're dealing with larger commercial properties and have large leasing contacts, there can be a good bit of money involved. Say someone is leasing 10,000 square feet and paying $12,000 a month. You better believe I'll get involved with that tenant representation. A lot of commercial brokers do this because there's a lot of money in it. But there's a big difference between a $12,000/mo commercial client and a $1000/mo renter.

With Tenant representation, you get into contracts and contractual obligations with them. Remember, whether you're representing Investors or tenants, all of these folks have friends, relatives, neighbors, coworkers, fellow church members – people who want to buy and sell properties. You can leverage these contacts through referrals to build up your owner-occupied business, your traditional Real Estate business. Always remember that.

I'll let the cat out of the bag here. When I look back over the years, I've received far more referrals by working with Investors than I ever did working with owner-occupants. I worked my butt off to get referrals from owner-occupants but they just don't care. When they're at the closing table, sign the final document and get their keys, their mind is totally focused on their new home and new neighborhood, the new school. They've forgotten about you already. Whereas with an Investor, you always have front of mind presence. Because they're always looking for the next property. They're always thinking about you. That's why it's easier to get referrals from Investors.

On average, each Investor over all the years has referred another client to me. Not every Investor, but some refer multiple people. At one point it got so prolific, I actually built an entire business around the referrals. I was sending referrals all over the country. I sent referrals to people everywhere from San Francisco, California to the southernmost tip of Florida and Miami, not quite Key West but Key Largo all the way up in New Jersey, even New York. I think I even did one in Maine and everywhere in between because I'm in this business.

B. Building a Team

I just leveraged at every turn. I'll show you how to do that in the last session but referrals can be a huge business when you're dealing with Investors. Another thing you can do that's easier when working with Investors is building a team. I can build a much more successful efficient profitable team working with Investors working with owner-occupants because I can leverage and do things like property management. I don't have to do the admin work in property management but I can profit from it.

The first person you ever want to hire is a rock solid admin person. That is your first hire. Here's the deal, guys. This is very important. Most Agents tend to be very independent. We might dabble and try to hire somebody for a while. We realize it's costing us money, it's not working, blah, blah, blah.

But here's the deal. When you look at hiring someone, you shouldn't look at is as overhead. You won't be successful. Instead look at them as an investment.

In other words, when you spend maybe $2000 a month on a salaried staff member that allows you to bring in an additional two to three transactions a month, you better believe it's worth it. On average nationally, one transaction is about $6000. That's the average. If that admin allows you to get even one extra deal per month, you're better off.

When you look at it as an investment and learn how to leverage the new hire to do the lower paid activities, you free yourself up to do the higher paid activities. Suddenly you will see why hiring someone is an investment and not overhead. That's an important distinction you need to get through your head right now.

C. Ethics

The bottom line is when you find yourself struggling in your personal life, it's a clue that you need to start building your team. When I was growing rapidly, I had as many as 20 transactions going on at once. I was teaching classes, still investing in property, and even managing property. I needed somebody to help me. I was a pretty darn busy person. The first person I hired was a rock star admin person. But the reality was, until that point, I was suffering.

My relationships were suffering. I'm not kidding you. Thankfully, I always made time for my children. I'm so grateful for that but when you're not living in alignment with God's intention for your life, you may have a full day but maybe you won't have a fulfilling day.

For more on this concept, check out my book, Husband, Father, Brother, Son. The same principles apply to being mother, daughter, wife, and sister. We must learn to be a good custodian of these relationships.

We need to be a good custodian with our business, too.

Make the wise decision. Hire an admin so you can spend more time with your family and friends. We're all entrepreneurs. When you learn to treat your license as an income producing asset – just like an investor looks like a duplex – I promise you will become more successful.

You will learn to leverage your systems, the operations you delegate to other people like bookkeeping and even some marketing tasks. I'm always in charge of my marketing. I'm the idea guy but I don't have to execute all the marketing tasks. I have people do that for me. But I do all the learning and researching to come up with the marketing ideas. I'm the visionary. That's where you want to be.

I also maintain control of the purse strings. When you're growing, it's very easy to delegate things you shouldn't be delegating. There's a distinction here you should keep in mind: keep the control, but delegate the responsibility. Delegate the responsibility to execute tasks but keep the control of determining what tasks need to be executed.

The two areas you never completely give up control or personal involvement in should be your marketing/advertising and your income/expenses. You need to know every day what income came in and what expenses went you. You need to know your balance every single day. You also need to know what your current marketing strategy is and what you're doing to improve it. You need to test it the next day, next week, and next month. Always have one eye on today, one eye on tomorrow.

When you do that with your marketing, you'll be successful. You constantly need to learn what works and doesn't work with your marketing.

If you're the Agent who has already been spending years working with owner-occupants, this may take you time to develop and maintain these habits successfully. You need to learn when to put your owner-occupant hat on and know when to take it off. When to put your Investor hat on, and when to switch back and forth.

When you master this trick, when you learn to switch between the two rules of engagement, you will be successful. Here's the deal: I actually built far more owner-occupied business by working with Investors than I ever did working with solely owner-occupants. That was a very slow, tedious, grueling process. What I later realized was the more Investor clients I got, the more owner-occupant deals I closed. All of those Investors lived in houses. They all wanted to buy and sell their own personal homes.

A lot of the tenants wanted to buy homes, too. Eventually I got a lot of owner-occupied business just by working with Investors. It may sound counter-intuitive but I used one aspect of the business to leverage another. While 95% of other Agents struggle daily to carve out a single piece of the pie working with only owner-occupants, you can have the whole pie.

When working with Investors, it gets easier and easier over time. They become more educated, they become more sophisticated, they become more experienced. They eventually do more of the work themselves. They do more of the financial analysis. They'll do drive-bys, do all the physical analysis. As a result, any time an Investor approaches me and wants me to do all the work for them, I take it upon myself to educate them first. If they don't want to be educated, I fire them.

I'll refer them to somebody else for another company and let someone else suffer through all that pain.

I have always committed to earning a minimum commission. In the old days, it was $2000. In some markets, that might not be enough. Perhaps $4000 would be a better standard minimum commission. I can't say what would make it worth your while.

I know a lot of people who charge $3000 minimum commission. The reason this becomes important is if you're in a low price market like certain parts of the Carolinas and Georgia, or certain parts of Texas. You may find yourself working with transactions that are low priced. I would prefer to see you working with nothing less than $100,000. The average commission for that would be about $3000.

That's why I always say my minimum is $3000. I didn't do that until after I had it at $2000 for a while. I realized, "Hey, I bet I can command a $3000 minimum and it will still work." It did. The good news is most of my commissions were well above that so I didn't have to enforce the rule often. When do you need to enforce it? When you have your client sign the buyer agent agreement. That's when you force that rule.

Another thing that's very important when working with Investors is establishing your schedule. Every Wednesday of every week, I send my active buyers my schedule for the following week. What time slots I'll have available. I tell them first come, first serve. It works like a charm. Not only do they respond to the sense of urgency and the degree of scarcity implied, but they get conditioned to operate on my rules, not theirs.

Think about most buyers. They want work based on their time. I tell them in advance, "Here are four, five, or six time slots. Surely you can find a time slot that's agreeable to you."

If you do it that way, my friends, I promise you too will do 110 transactions in a year whether you have assistance or not. Because you'll be doing it on your own terms.

Every now and then, you'll get somebody who just doesn't want to follow the rules. Give them a chance. Try to educate them. If it doesn't work, don't fool around again. Refer them to somebody else.

Some people may fall off the wagon, so to speak, after they've been working with you. They know how to do things, but all of a sudden they start calling you at a drop of a hat, "Hey, you should see what came through. We need to go see it now!" The first thing I ask them is, "Did you do the desktop analysis first?"

If they say yes, then we're on to the next step. I ask what other properties they have identified. You always want to look at three properties at a time, at a minimum. Never go look at just one property. Your chances of buying are much lower. When you're looking at six or seven properties and only going to buy one, your probability of a purchase increases.

Sometimes, you strike out and have to go out again. When you go out to look at one property, one single property, you only have a 15% chance of a purchase going through, statistically speaking. I would never do that. Don't ever, ever do that. Always have a minimum of three properties. If the Investor can't find three, you may want to share properties you've viewed with your other Investors who wound up purchasing different sites. Obviously you want to share them so at least you know you're looking at a minimum of three properties. This is another good rule you need to enforce.

When you enforce these rules of engagement, you'll win. You'll earn more money. If a client doesn't comply, don't spend more time with them.

Don't just fire them, though. Refer them to somebody else. Maybe you have an Agent you like, but they work for a competitive company. Give it to that guy. Maybe you can recruit that Agent down the road because you gave them a lead.

This is another good strategy, by the way. I hope you will write it down because if you're looking to recruit – if you work for a company where you recruit people and get rewarded for it – there's no better way to recruit someone than to give them a lead. That may sound counter-intuitive. All of your friends at your current brokerage company would say, "Why on earth would you give a lead to a competitor?"

First, maybe your office coworkers aren't trained to work with Investors your competitor is. Second, you just ramped up your probability of being able to recruit this guy, far more than everybody else. Everybody else is trying to take people to lunch and call them all the time, email them, and pretend to be their friend. It usually doesn't work and you know that. If you've tried it, you know that rarely works.

What works is "What's in it for me?" Give these guys a lead. Then give them a second lead down the road, maybe a third. I promise they'll be more inclined to sign with you than with anybody else who has taken them to lunch pretending to be their friend.

When it comes to Agent rules of engagement, you need to understand the basics we have covered. Always keep a pad of paper and a pencil with you because you will start to come up with ideas for how to further leverage your license as an income producing asset when you work with Investors. Start your mental wheels turning and jot down ideas. In Module Five, we're going to go over that.

A lot of light bulbs are going to go off for you. You're going to see a huge, huge amount of potential.

For right now though, we'll look forward to the next module which is marketing and advertising. You're going to see some really awesome techniques. Some you may have seen before, or even used yourself. But we're going to apply them in a different way and you're going to be amazed at the results!

Need more advanced help? Contact me at:
800-931-2605
Support@MyInvestmentServices.com
MyInvestmentServices.com

Module Nine:

Marketing

This is perhaps the most fun module because you get to learn a lot of awesome techniques for marketing and advertising. Basically how to be a magnet for consumers out there, so they come to you. You're not calling on them, they're calling on you.

I'm not saying don't call people. That's a technique I've used in the past. But I can promise when people come to you (in response to your marketing and advertising), they are already pre-conditioned to do business with you. In fact, it will be so much easier to turn a fledgling relationship into a profitable one over time.

When you master this stuff, you will never lack for investors to work with. Because I'm going to show you to attract them.

How do you market yourself as an Investor Agent?

Join Local Investor Clubs

If you're working with Investors, you need to go where Investors go. The really good Investors typically join a local club. The largest, most well-known national organization of Investors is REIA (Real Estate Investor Association). They have local chapters.

ACRE is American Congress on Real Estate. There's also a group called TRIG, in Tidewater, Virginia (Tidewater Real Estate Investors Group). Some chapters have their own names, but are still affiliated with the larger organization, REIA.

If you walk the talk, you will get far more respect from these guys as opposed to showing up solely as an Agent looking to drum up business. Because that's how they're going to view you. If you join these clubs, but don't actively invest, it's going to take you longer to build trust and develop relationships with these people.

It's just like any other sales activity, you need to establish rapport, earn trust and respect. That's when people will come to you.

I can tell you this. In Pittsburgh, I actually joined two groups in one area because they met at different times of the month. Every meeting, I always got new business. Typically I would get more than one transaction. A property management client, a listing client, a buyer client, or some combination.

Every now and then maybe all three. Never failed. Once a month, I would get a deal just for going in, for an hour to ninety minutes. That's all I did. Most of these groups will let you get up and speak briefly at some point during the meeting, usually in the beginning. So you need to develop your elevator speech!

Your 60-second speech is *not* what's in it for you, it's what's in it for *them*. Tell them what would compel them to do business with you rather than anybody else. If you'd like one-on-one help with this, we can schedule personal coaching. Just call 1-800-931-2605 to set that up.

If you want to master this stuff, you should be taking the instructor class. But to really prosper and grow exponentially, and more rapidly, you need a coach. I have always had a coach. Matter of fact, I have two coaches right now.

In any case, join your investors club. That has always been a no-brainer for me. Other realtors who were in the club say the same thing. They learned how to master the relationship.

Another thing that comes out of working with clubs is the potential for authority-building.

The group chair, whom I knew said, "Hey, Gary, would you mind running an article every now and then, that we can put in our monthly newsletter?"

I was a little naïve and young at the time, but I sensed an opportunity, so I said, "Heck, yeah." And so I wrote my first article. And guess what, they published it. Then I wrote another one.

I started writing new articles each month, and then I created a series they published every single month. What did that do? That established me. Remember you're marketing yourself. You're establishing your brand. My name is Gary Wilson, and my company was Win Realty Advisors.

People knew me because I wrote articles. That established me as an instant guru. The Go-To Guy. So, as a result of all that, I thought, well, maybe I'll write my own monthly newsletter. Now, I'll be the first to tell you, I have started and stopped this a number of times. It is a lot of work.

There are companies where you can outsource this, but you still need to be involved. You'll need to give them basic theme or content, and they'll elaborate and fill in the blanks. But with a newsletter, I created business. I made money from it. It was just a lot of work. But it was one of my all-time favorites.

You can also create a monthly community group. If you've been around for a while, you've probably set up a workshop in a local library for first-time home buyers. Or people looking to get credit cleaned up. Or people looking to get pre-approved for a loan in which you joint-ventured with a local lender or credit specialist.

Those meetings are examples of one-and-done. You have a workshop, you get some business, then you move on. What I did is different. I created a monthly community group which started in a local library. At first, I was able to scrounge up six people. I thought, "Oh, boy, this is going to be a huge waste of time!"

But guess what happened. We got in the room, I talked for a few minutes, and then I just let those guys talk and ask questions. I said, "I want everybody to bring forward a problem that you're having now, and let's see if we can solve your problem, right here tonight, at this table."

I was surprised at the candor everyone demonstrated. They were willing to be open and honest with their current predicaments. And they solved their own problems. All I had to do was sit back and smile.

Well, guess what? They viewed me as the guru.

And do you know what happened at the meeting the following month? They brought their friends. I started getting business out of this that second night. Then the next month, attendance doubled again to 24 people. Then 50. Then 80. Finally, the library approached me and said, "You're busting us out of the seams, here."

We had to take out a petition to support our group. Remember, this was a community group thing. I wasn't doing it for profit. I was doing it as a community service. That's why the library would let me offer it. You need to remember this detail, because they're going to ask you. "Is this a community service?" And you're going to say, "Yes."

You can also do this in your local municipality. Typically they will have a conference room any citizen in that municipality can rent.

As our group grew I had to break the participants up into smaller tables. One table would focus on flips, one on buying rentals, and another on managing rentals.

I would determine who the senior members in the entire group were, and spread them out across all the tables. And they loved it. They loved the attention at being considered a senior member. I did was walk around the tables and sit down to participate here and there. Mostly I just listened. By the end of the night, I started getting multiple transactions. Then I had to move from the library, and start renting meeting space at a local hotel.

It was worth it. The group grew to 200 people. And without fail, at the end of every meeting, I would have a line of people waiting to talk to me. I got more transactions out of doing this than other forms of advertising and marketing.

It literally only took less than six months to grow from 6 people to 200 people, all by word of mouth. I simply created a service, a forum for people to participate in. And again, at six months, I had people line up, literally, 20 deep. I was tired. I mean, it was late and I wanted to go home. But you know what? Those 20 people typically turned into five, six, seven, or even eight transactions.

I also grew my property management business substantially. Several people said, "You know, I've ruined a lot of rentals. You're the first guy I've ever seen do this. Thank you so much. Think you can handle an additional 25 units? Because I'm tired of managing them."

"Heck, yeah, I'll manage 25 units." I grew my property management business from just 4 units to 200 units in the first year.

Then it doubled again the next year.

In the third year, in nearly doubled again to 700 units. And guess what? I didn't advertise at all. It was all word of mouth. All because I started the monthly community group. I hope you are catching the gist here. This is a huge, huge money-making, profitable endeavor.

It takes a little time, but just imagine that in six months you could be getting five or six transactions each month, from this one technique. I hope you take this advice, and start a group because between joining the local investor clubs and running my monthly group – those two techniques alone – I could have lived very comfortably.

So, that's your marketing branding type stuff. It positions you as the guru.

Craigslist

Now let's talk about advertising. Let's get Craigslist out of the way. I know a lot of people don't like it, but just as many like it a lot. Here's what I've discovered. In certain parts of the country it works great. In other parts, it's dismal.

In Washington D.C., when you run a Craigslist ad, within several seconds, you're not even on the first results page anymore. You would have to constantly put ads out in Washington D.C. to get any recognition from Craigslist. You also have to know the best time of day to post, based on your area of the country.

I don't care if you're in San Diego, or Portland, Maine. Every area has an optimum time of day to post on Craigslist.

Here are some of the ones I've discovered:

In Western Pennsylvania, mid-afternoon (2:00-3:00pm) ads got the greatest response.

In Tidewater, Virginia (Virginia Beach, Norfolk, Campton, Chesapeake), you typically need to post a minimum of twice a day. Usually right around the morning rush hour, and again later in the afternoon. I've discovered a lot of people look at Craigslist on their phones while they're sitting in traffic.

In certain parts of the country, you need to post three times a day. A lot of the gurus were teaching that for a while. "Hit Craigslist three times a day, morning, noon and night." I agree. But some areas are better when posted to later in the evening.

On the West Coast, typically the after-dinner hours work best. I don't know why. That's just the way it is. There are rules to the game, when advertising on Craigslist.

One of the best things you can do is advertise inventory you have on listings – duplexes, three units, or ten units. Put them out there. And then in the same ad, promote one of your other services, like property management, for example. Or offer a free newsletter, or a free report. Offer an article

you recently wrote. Always multiply your efforts, because here's the deal. Most people looking at Craigslist Real Estate, are not looking to find out what services you offer or to get your free report.

You can post in the service area, but they're not looking there. They're looking at properties. So you need to offer your other services within those ads.

Facebook, LinkedIn

Another trick I really learned to master is social media. Facebook and LinkedIn. Not so much Twitter. But I am really big on LinkedIn. I belong to multiple groups, all specifically related to Real Estate investing, or Real Estate agency.

My profile is pretty robust. I talk about the books I've written. The training courses I've created. The skills I've developed. I have over 1500 LinkedIn connections. LinkedIn has a lot of capabilities, but where I really want you to focus right now is Facebook.

Facebook has now opened things up so you can market and advertise like on no other medium. Just trust me on this. Go look at https://www.facebook.com/myinvestmentservices and you'll see what I'm talking about. You can even look at some local sites, like Win Realty Advisors and Hampton Roads Real Estate Guide.

I highly recommend you take a class on Facebook, and learn how it works. Kim Walsh-Phillips of IO Creative is an awesome service provider. She really knows what she's talking about. Before I met her, I was floundering on Facebook, spending thousands of dollars a month. All I got was "Likes." After I took her class and paid for some personal coaching, now I spend only a few hundred dollars a month on Facebook, but get hundreds of opt-ins.

Kim showed me how to leverage my free report, my free e-book and my free webinar to get qualified leads. It works, people! Those opt-ins become my clients. Facebook is huge. Just don't ever abuse the privileges it gives you. If you do, you're going to get shunned, un-friended, un-liked, unconnected, and you'll be unsuccessful. Learn Facebook and follow the rules of the game and you will be successful. Jump in while the getting is good!

Churches

Most churches have a church bulletin. You should absolutely be advertising in your church bulletin. Just before I recently moved, the church I attended had 2000 families. That's like 6000 people. It's usually very inexpensive, but you have to be careful how you present your ad.

Most people place similar ads to realtors. They'll put a picture of themselves that says, "Look at me, me, me. I'm number one. I've got all these tags and nations, you should use me." That doesn't work.

You need to talk about them, them, them. It's not about what's in it for you, the Agent. It's about what's in it for your consumer. If you're a realtor, in every ad you need to offer a free market analysis and a free list of homes for sale. Just do those two things in every ad.

Give the potential client something of value to them, and they will call you. They will email you, and you'll develop a relationship from there. That's a big, big tip. If you're still doing it the old way, "Look at me, me, me," they won't care.

What they want to know is what you can do for them. And what you can do for them is help them find properties and help them sell properties. Offer them a free market analysis, and a free property search. Trust me.

Grocery Stores

Almost every grocery store has a bulletin board. Here you want to do a super simple ad. Put a really cool color picture up there, like, with you and your dog.

The picture is just to get their attention. If your ad is just a bunch of writing, most people will walk right by it. But put a photograph up there and it's going to catch somebody's eye. A good looking dog, or you playing Frisbee at the beach with your dog.

If you're on there on a surfboard with a dog, or you're hiking with a dog, people will take a second look. At the bottom, just simply put a tear-off with your number that says something like, "Learn to invest for free," and add your phone number. I promise it will work if you do something like that.

Restaurants

I love restaurants for a couple of reasons. I generally don't like putting an ad on their placemats since it usually doesn't work, but the same principle that applies in a grocery store will work in a restaurant. In other words, don't just put your picture with your phone number, email address, and "Call me to sell your home, because I sell a lot of homes."

Who cares? But again, offer a free market analysis, and a free property search, and you'll get some calls.

But what really does work great in restaurants is, instead of using their placemats or napkins, just put a little business card stand cashier counter. If you're a regular patron, they'll often let you do that for free.

Here's where the really big goodies come in. Talk to the proprietor. Almost every restaurant, on any shift, has someone present who has some management responsibilities. They're a decision maker. Approach this person and say, "Look, I would like to refer my new clients to your restaurant."

It could be your tenants and your clients' tenants, but more importantly, it should be your new Investor clients. You could say, "Look, I would like to offer a bonus or a gift to my clients. I want to give them a gift card to your restaurant. Will you allow me to give them a $25 gift card for free? You give me a stack of cards. And maybe it's not $25, maybe it's a buy one meal, get one free. But if you let me do that, I'll give those only to my clients who are in the area. I'll bring them to your restaurant. It allows me to give my clients a thank you gift. It allows you to bring in new consumers who will potentially eat at your restaurant on a regular basis once they see how good your food is." That's the approach I want you to take with these restaurants.

The latter approach, okay? That's where the relationship works. If you don't understand that, please re-read this section again.

Local publications

I don't like the big newspapers. They don't work. They stopped working years ago. You may have noticed the real estate section of those papers has dwindled from a dozen or two dozen pages, down to maybe one page, back and front, even in the large markets.

Don't use them, for that reason. However, small local publications, like Penny Saver or Green Sheet, any community paper, are often far less expensive and still work. Because people actually look at that stuff. Again, in your property ads, put in a little up-sell, or a cross-sell.

"Hey, by the way, if you look at this duplex, you should check out this free report. Click on www.freereport.com." You'll get a lead just from doing that. Trust me, that's how you want to do the ads in these local publications. They're very inexpensive.

Direct Mail

Aside from joining an investor's group or forming your own small group, the next most effective channel is direct mail.

Direct mail is a tricky subject. A lot of people do it wrong. They create a postcard and send it to thousands of people, because, guess what? It's really cheap. Yeah, it's cheap per person, but you might have to spend hundreds of thousands of dollars to attract a wide audience of people.

And the thing is, with direct mail, you can't just do one-and-done. If you only send out one mailing, you'll be lucky if you get a phone call. It doesn't work that way. Direct mail needs to reach the same people, repeatedly. Over and over and over again.

I have a group of people I've been sending to, every month, for years. The first call was in month three. I didn't start getting calls on a regular basis until about the seventh month. But then it started picking up. It actually leveled off about month 12.

So here's what you want to do. Don't send postcards, okay?

You want to create a letter that looks specific to the recipient. The body of the letter is going to be the same copy over and over again. But the salutation, "Dear Name," is going to say, Dear John, Dear Jane, Dear Whoever.

And you're going to personally sign it. You can get a digital signature stamper that looks authentic. Sign a letter that way, or by hand. That way, it's a personal letter. Even though a few hundred people are receiving it, it's still a personal letter.

The envelope should be hand addressed. But the return address should not say, Bob's Realty. Or Coldwell Banker, or ReMax, or Century 21, or Keller Williams.

It should say Gary Wilson. Well, okay it should say YOUR NAME! Put your physical business address on there. You can use stickers to do the return address. That's okay. But the recipient's address needs to be handwritten. Every single one.

Here's how this works. You're not going to send a letter broadcast out to every single person. If you want to get listings for rental properties for your Investors to buy, every county in the country gives you access to their database through their property ownership information. Most of them will send you a disk just for the asking (and a check for $60, for example).

So go online, find your local municipality. If they're small, call them and say, "I would like to get the name and address information for all the property owners in this area." It's usually on a database that is segmented by the type of property. Single family home, 2- to 4-units, 5-to 19-units, and non-residential or retail commercial properties.

Also, because the information contains zip codes, and the street address, you can sort this database on your computer so you're only sending letters to people in a certain zip code. If you only want to focus on multi-units, then you're only going to send to multi-unit owners in a particular zip code.

The database will typically give you the property address of the subject property, but you will also generally get the owner's mailing address. That's where your letter should go.

So you sending these letters to the owners of multi-unit properties in these specific zip code areas. You may have a target area of only 200 people.

Keep mailing to these people. Every month. Don't spam them. Don't send every week, send every month. And every month, change up your letter, offer them something different. Always offer them something. "Hey, you know, call me for a half-hour free consultation, to help you solve a current problem, no strings attached. It's a $500 value, why would you turn it down?"

Offer a free report. Offer a free e-book. Offer something in your letter. Give them a reason to call you. Keep doing that over and over again. I promise you will get calls from these people, and you'll get listings. That's how you do direct mail, people. It's a huge way to get listings.

And you'll get listings for all your Investor buyers, too.

Create Your Own Website/Blog

Now, I'm going to ask you guys to do me a favor. Don't get sucked into all this. Yes, you should have a website, but keep it small and simple. A lot of people are going to talk about social media and websites and all this stuff, to make it sound like this is the end all, be all.

It's not the end all, be all. It plays a certain role in your overall marketing and advertising plan. But if you find yourself spending more than a few hundred bucks on a monthly basis, you're spending too much money.

This can be a huge money pit, like a boat. It's a lot of fun in the beginning, it's exciting. And then all of a sudden you don't use it as much, and it sucks money out of your pocket. Website development is the same. You can spend a ton of money and get very little feedback, and very little business out of it. So keep it simple.

In the beginning, spend your money on direct mailings. Spend your money joining clubs. Spend your money forming your own monthly group.

When you start doing this stuff, it takes time and energy and money.

It's the same with blogging. I like blogging, blogging works. But AdWords can be expensive and you need to know what you're doing. Google AdWords, Yahoo… it all takes a lot of money.

If you don't know what you're doing, it can be a huge money pit. Same thing with Facebook. If you don't take that class I recommended for Facebook, it can become the Facebook fireplace. You just throw money in and it burns up. You need to know what you're doing.

So, don't try these other things until you already have a business up and running, and you're looking to grow, okay?

Joint Ventures

What you *can* do is joint ventures. Joint ventures are where you team up with a credit guy, or you team up with a lender or a home inspector or a home warranty group.

Together you put on a group program, or a community event. Maybe you can have a picnic, for example. But join forces with somebody. Maybe it's another agent across town. Together and you leverage one set of activities and one set of expenses. And you each bring in clients. If it's on the West side of town, you get those clients. If it's on the East side of town, they get those clients.

If you decide to create a newsletter – and again, don't do this until you're already up and running – you can have affiliates. Lenders, inspectors, painters, carpet guys, contractors, landscapers, the removal guys, the list goes on. Have them give you a few bucks every month to put their ad in your newsletter. Now you can get your newsletter paid for. You will still have to create (or outsource) it, but those guys will get business from you as a result.

YouTube

People love videos these days. You should be doing video, too. You can do it from your iPhone. It doesn't have to be elaborate. Set up a YouTube account that matches your website.

Do a quick five minute video, "Hey, guys. Here's something I discovered recently when it comes to analyzing multi-unit properties." Or, "Hey, guys, I want to share a trick you can use when you're going to get financing on a multi-unit property." Just a quick video and always put a link back to your website, along with your contact information.

Upload it to YouTube. Put it on your website. Send it out in your emails. You can do most of this right from your phone. Just get that thing going viral.

And by the way, the more YouTube videos you have, the more you will be rewarded from Google, because Google owns YouTube. There's a lot more to that than meets the eye, but I just gave you a really big tip, there.

So use videos. It doesn't take long. Once you get used to it, you can crank one out in a matter of minutes. You can do them all from your smartphone. And you can do it on the fly. You can do it while you're sitting in a parking lot, waiting for a client. You can do it to promote your listings.

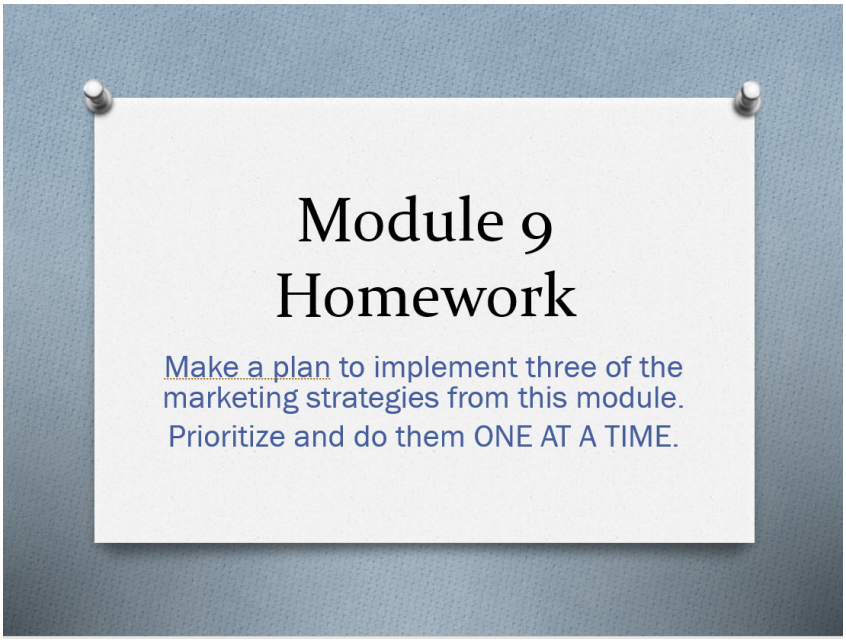
There's all kinds of things you can do with YouTube. And once you create it, you need to put it out there. Send it out through texting, through emails, through your website. You can post it on your blog, and you can link to your blog from inside YouTube, too.

The possibilities are endless. I hope you will take some of these ideas and implement them right away. I believe God wants us all to be happy, not sad. Wealthy, not poor. Healthy, not sick. And it's our duty to fulfill our purpose, the way He intended our lives to be. What better way to do this, than to be our highest and best selves? To be living examples of a joyful life.

You can do this by following the techniques in this course. We absolutely need to make the most of this precious gift of life we've been given. You can thank Zig Ziglar: "If you only help enough other people get what they want, you will have plenty of what you want."

It's so true, because it all comes down to service. We're all here to serve. However you slice it, whatever you do, when you learn how to serve people through your own particular passion (in this case it's Real Estate), I promise you will prosper abundantly.

Learn all you can. I highly recommend you use these strategies yourself to Invest for yourself.



Make a plan to implement three of the marketing strategies from this section.

Prioritize your list and work on just one at a time. Don't move on until you've mastered the current one you're working on. If at first you don't succeed, try, try again. Fail forward fast. You're going to make mistakes, okay? Get over it. Accept the fact that you're human and you're going to make mistakes.

Everybody does, including me, and even people who are far more successful than me. If something doesn't work the right way, it's not the system that's the problem. You just simply need to master the system. You need to keep trying. That's why you start small. That's why I said just go for a marketplace of 200 people for the direct mailing.

Don't try to mail to 1000 people. You only need to mail to 200 people, but mail to them every single month. When you get the letter down tight, change it every month until you get one that really works well for you. Then you can roll it out to larger areas. Same thing with Facebook. Just target a small group of people in the beginning, a niche group.

Learn to master the skills before you grow. It's the same the community work group. I started off with six people in a library. It was free. That's what I'm talking about. Master the technique first, before you grow. In other words, in order to grow big, you need to start small. It's an age old lesson every entrepreneur has to learn the hard way, one way or another.

We all start off thinking we're going to conquer the world. We spend a lot of money and go national. It doesn't work. It's not the system that didn't work, it's just that we should have learned and mastered the skills first with a small group before going big. So do your homework!

Need more advanced help? Contact me at:
800-931-2605
Support@MyInvestmentServices.com
MyInvestmentServices.com

Module Ten

This module is perhaps the most fulfilling. Make sure you have a pad of paper and a pencil or pen handy.

A. What's Next?

- Buy and sell large apartment complexes
- Start your own Real Estate Brokerage business
- Start your own property management business
- Start another business related to Real Estate and Investing (like painting, plumbing, or electrical contracting)

In order to not just survive but thrive, you need to treat yourself like a business. You need to use your Real Estate license as an income producing asset. You need to leverage what you are already doing. You will see how to maximize your time and effort to generate the most income in the least amount of time, and with the less expense.

Start Now

What are you waiting for? What are you still doing here reading this book?

- Right now: Create a "To Do List"
- Get a round "To-It"
- Get an index card out and write on it "I Promise…." and fill in the blank with the promise to yourself to take the 1st step.
- Call 1-800-931-2605 or email Support@MyInvestmentServices.com to ask for our training course, coaching availability, or to ask for the name and number of an Investor/Realtor in your area so you can get to know them and get more insight into the decision. I want to help you, and in order for that to happen you have to meet me halfway.
- Make the call! Now!

This is what I want you to do. Draw a circle on a piece of paper and on the outside of the circle draw arrows pointing outwards. You need to draw eight arrows. The first four arrows are to the compass points and the next four arrows are in between the four you just drew. Draw the arrows pointing outward.

In the middle, write "Investor Realtor." This is you working with Investors. You could even just write "Investor" in the middle. You are working with Investors. When you work with Investors over time, you are going to learn how to invest. You really should take some other classes on flipping, wholesaling, and buying and managing rentals.

You will want to develop as many streams of income as you can that are built off of other activities in which you are already engaged. Leveraging what you are already doing to produce more income. You will not be creating a whole new stream of work. You will simply be leveraging the work you are already doing to create more income. So invest yourself.

Inside another circle write "get involved with wholesale." Either you are wholesaling yourself or you are helping wholesalers.

In another circle write the word "flips." Again, this is either you flipping or you helping your clients flip. It is another stream of income. That is why this is so beautiful. In the beginning, you help your Investor buy property. You represent them on the buy side, and when the property is remodeled to flip, you get the listing on the back end. You sell the property they just remodeled and get a second commission just by listing and selling it. If you also bring in the buyer, you get a third commission. You can actually get three avenues for income from working with people who flip properties. Is that awesome or what?

How about representing people who buy rental properties? These people are going to be repeat buyers. They are going to continually buy larger and larger properties. Out of that, you may also find some to allow you to develop your own property management business. We will talk about this soon.

You will work with renters who may eventually want to buy houses. Make sure they understand you are a licensed Agent. Should they ever decide to buy a property, they will want to work through you.

When you represent enough buyers, you will likely get to the point where there is enough demand for property management you will no longer be able to ignore it.

In the beginning, I suggest you take on a few property management clients without a big, giant infrastructure. You do not need to build another business right now. You want to take on a few clients and see how you like the property management aspect. This is where it all starts.

Eventually, you can build your own property management business. I will describe this a bit more later on in this session.

You can also build a team. Let's say you decide to invest. Before you begin, you can build a team around yourself as the Investor-Agent first. Then you leverage your knowledge and skills. You

teach other people how to do some of the lower-paid tasks. You can have a buyer's agent. You can do all kinds of stuff. Basically, you are building a team.

The seventh circle is for "referrals." I have mentioned it before and I will tell you again that I always seem to get more referrals from Investors than I do from my owner-occupants. On average I get one referral for every Investor represented. This is incredible! It means I essentially doubled my business just by working with Investors.

Some Investors referred more than one; some Investors did not refer well. However, on average it has been a little more than one. Once you get a great referral business going, it will not just be referrals coming to you from your clients. You will also get to the point where someone says, "Hey, I have a friend who lives in Santa Barbara and they want to learn how to invest. Can you help them, hook up with the right realtor?"

No matter where I'm living at the time, I can say, "Absolutely," because I know how to find an Investor-Agent out there. It is very easy to do since typically I have former students across the country. However, whether you are with RE/MAX, Coldwell Banker, or Keller Williams, you can always have a way to contact other agents within your company, and you can find out which of those work with Investors.

I prefer to refer to people who know my techniques. The bottom line is, though, you can earn referral income by sending referrals to people all across the country based on the relationships these folks have with your own clients. You can have referrals coming in and referrals going out.

The last arrow is "helping Investor clients buy and sell their own homes." Let's face it. Everybody you are representing lives somewhere! Of course, they do. Investors are typically homeowners. They own their own properties and from time to time they will want to sell their current property and buy another one. They will want to move up. Most Investors eventually realize they can live in bigger homes.

You will get that business. You get the Investors looking to buy and sell their own homes, so you get a sell side by listing their current home and a buy side by helping them buy their new home. You may even get a third side which is a buy side on the listing you got from selling their current home.

There are eight ways for you to make money by working with Investors. I suggest you always work with a minimum of three and help your owners do the flips; help them do the rentals; and you should invest, as well. This is a minimum.

If you are really entrepreneurial, eventually you will get to the point where you want to build a team and maybe build a property management business. Perhaps you will want to take on wholesalers or build your referral business.

Start with the three-legged stool first:

- Invest for yourself
- Represent flippers
- Represent people buying rentals

I promise you will always have income. Even if another recession hits and the owner-occupy business drops, you will not care so much. You will be making money from your Investors. They are out there in droves during a recession. The good ones will be out there buying in a recession, not sitting back on their laurels.

Essentially, there are eight ways you can leverage what you are already doing to build your business around your license.

Your license is an income-producing asset. You need to think of it as an income-producing asset and run it like a business. You get up early, you work all day, and you have a fulfilling day.

You do not have a full day; you have a fulfilling day. You have a profitable day.

Run it like a business so every day you know what money you have coming in and what expenses are going out. Run it so you'll know what money is coming in tomorrow, and what expenses are going out tomorrow.

Path to Prosperity

Running this thing like a business is important because you may eventually decide to build your own broker's business. (I know a lot of brokers out there right now are cringing. "Hey! What are you doing teaching them to build their own brokerage company?")

Relax! Maybe they will build another office under your tutelage. Maybe they can build a branch office. These guys are your broker of record; they are 51% owner and you are 49% owner. I am not saying they should take your business away. I am saying you should leverage what you are doing to build business for yourself. If you want to stay with your current brokerage company, do it.

There is another entire subject matter, a whole class there. It is very intense and it does take a while. You need to go through an application process to see if you qualify. This is true whether I teach you or whether you go through your own company. Keller Williams shows you how to franchise and they teach you how to do it. It is an awesome program.

No matter where you go, you need to be a business person. You are now evolving. You just happen to apply your trade to the world of Real Estate. You are basically going to put on a new hat, the hat of a business owner.

You have to learn how to recruit Agents, manage your income, and manage your expenses. You have to learn how to manage risk, and most importantly, you have to learn how to manage people. If you really make a lot of money, you can hire a manager to do all of that stuff. You are simply the rainmaker, cashing checks every month and helping to bring in business. That is your brokerage.

This is a very high-level description of what has to happen. Take a continuing education class on the management role of being a broker of record. You will get a lot out of that.

The next type of business you can build is a property management business. When I built mine, I did it underneath my brokerage company. This was okay in the beginning because I just wanted to incubate it. I wanted to make sure I could make a go of it, make some money from it, and not kill myself or my team.

It took off! I had a property management business like it was shot out of a cannon. It was like the brokerage business. We started off literally right at the beginning of the recession and while most other people were shrinking or dying, we were growing like crazy.

I built my property management company within that context, underneath the umbrella of the brokerage company in the beginning. Initially I surveyed all my clients. I said, "Who would use property management if I built one based on lessons I've learned over the years to operate your properties?" That survey got us 40 units right out of the gate.

Immediately I hired a person to do the daily operational stuff for me. The daily responsibilities. With 40 units it was well worth it. I grew the business from 40 units to 200 units within a single year. In the second year it grew to 400 units, and to 700 units in the third year, nearly doubling our business each year.

The reality is that I ran it like a business. I had my owners to take care of. I had tenants to take care of. I had employees to take care of. I had medical insurance, payroll taxes, and the whole nine yards. I had to develop a formal marketing system. More importantly I had to create a property management system that was more automated. What I was doing was working, but I needed to systematize and automate further.

If you are going to create a property management company, you have to have your head in the game. You have to have some thick skin, and really be behind it emotionally. It has to be a passion for you.

If you get into a business just to make money, you are going to get bored with property management. It is going to be stressful for you. You will not put in the passion needed to make it profitable. You will actually start to lose money.

Do not do this if you are just going after the money. If you have a real passion for it, if you see the purpose, if this is aligned with God's intention for your life, by all means pursue it. However, you have to think like a business person: income, expense, asset, liability.

You need to keep your assets and liabilities in check. In other words, you should never owe more than two-thirds of what you own when it comes to your own properties.

When it comes to running a brokerage, I suggest you do not owe anything. Build your business on cash, not credit. Do not go in debt to build a brokerage business or a property management business. Do it from the cash flow you already have coming in from representing other Investors and owning your own rental properties. This is always where to start. This gives you a steady income every day regardless of what happens in the economy. You build from there.

Having said this, there are plenty of you guys out there, Investors and Agents alike, who happen to already be in business as a painter or plumber or electrician or you name it. How would you like to leverage what you are already doing there to service other Investors? Do you think other Investors would need a painter, a plumber, or an electrician? You bet they do!

When you are in the investing business with your Agent's license, and you have a client who is a very good painter, you can joint venture or partner with them to build a painter-contracting business. Go to the local investor groups and promote it there. Put it in your newsletters and in the local Penny Saver.

You can build a related business. The bottom line is that you always want to think in terms of how this is related to real estate. How is it related to your current brokerage business or your current property management business or your current investment business?

When you can do this, when you can tie these together to something you are already involved in, you will have a much higher probability of succeeding. You will have other Investors coming to you because they know you. There is rapport built. They trust you, they like you, and they respect you. If you are a painter, they will use you.

It is the same with an electrician or a plumber. I know plumbers who do really well in the investment game. They actually take on a lot of other Investors to do their plumbing work. You

can build a related business. It does not have to be a Real Estate brokerage business. It does not have to be a Real Estate property management business. It can be a related business.

Perhaps you want to get into home inspecting. Well, that is not as easy as it was years ago. Now you have to follow the American Society of Home Inspectors (ASHI) rules. Typically you have to be mentored by an existing inspector for up to three years. It is not as easy as it used to be.

If you know somebody who is good with electrical work or painting or plumbing, maybe even already licensed and insured, you can build a business which is related to what you both are already doing.

Hopefully this makes sense to you.

B. Evaluation

In Module One, you identified three personal goals and business objectives for yourself. How did you do? What should you celebrate? What should you improve upon?

On your next step, you just have to get started. Years ago, in my grandmother's church they decided to have a campaign. They called it the "To-it" Campaign. Everyone always says, "I'll get to it." We say, "I know I need to get to that. I'll do my marketing when I get a break in the action. I will get to it then."

The church members created round to-its. These were round pieces of crocheted cloth, and in the middle was "to-it." I have always kept one with me all these years. It has served as a reminder to me for 38 years to always take action.

So far in this course you have been given the education and the information. However, I cannot make you take action. You have to do that for yourself.

If tomorrow you find yourself not taking action, I promise you that a day will turn into a week and a week will turn into a month. A month will turn into a year and you will be no further ahead.

This is why I always recommend people who take this course independently to follow up with the instructor-led course. This requires an investment, but if you have bought this course, you already have it partially paid for. An instructor-led course will get you involved with other students where you work together jointly. You will work through your transactions at the same time and develop community groups which I set up for you to communicate with each other so you can help each other out.

You can also get involved with personal one-to-one coaching. There is an application before you can be coached one-on-one. Call Beverly at 1-800-931-260, or click on MyInvestmentServices.com and go to Members' Area to get the application for personal one-to-one coaching.

You can also do group coaching. If you are a real go-getter, a self-starter and self-motivated, you could succeed with the group coaching. However, most people prefer the personal, one-on-one, problem-solving, guru-level type coaching.

In any case, I want you to see that there are at least eight ways to leverage your license as an income-producing asset by working with Investors. When you work with owner-occupants, you typically work with the owner-occupant on a single transaction. Maybe you can get one referral.

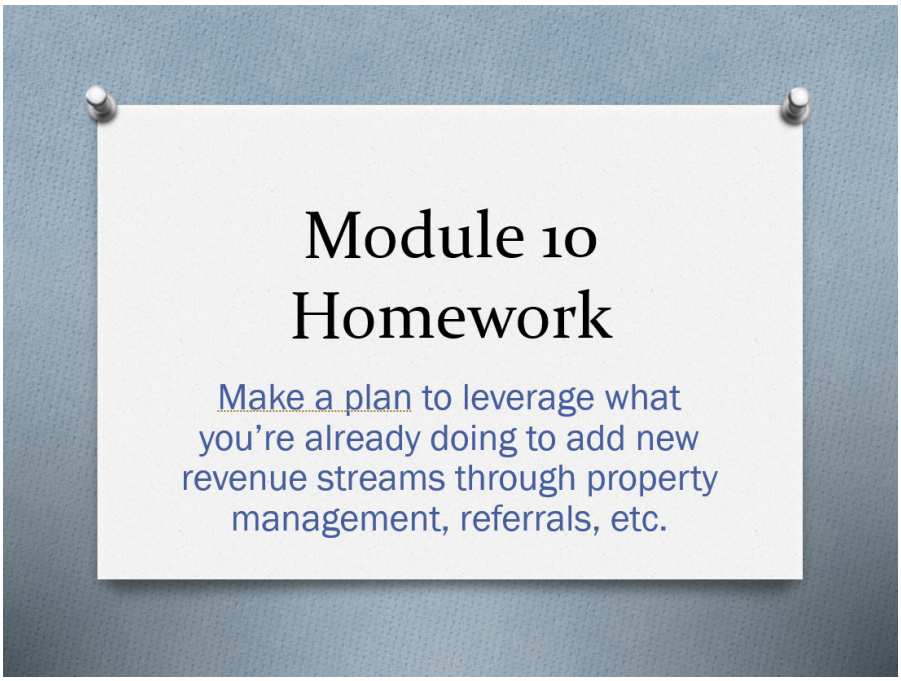
With Investors there are at least eight ways to make money, and I suggest you do three of them.

In lean times such as winter, you will always be okay when you work with Investors and establishing multiple streams of income. You will not have to worry about where your next ship is coming from. I can promise you that.

I hope you have enjoyed this course. I enjoyed teaching it, and I thank you very much. This program is built on my own experience. Owning all those rental properties allowed me to build a brokerage company, a property management company, and eventually this teaching company.

This is my true passion; this is what is fulfilling to me. I do not just have a full day—I have a fulfilling day. You are part of that and I am eternally grateful.

Thank you very much, and please reach out to us. We look forward to seeing you again!



You can invest in rental properties.

Real Estate Investing For Rental Profits And Winning Every Time

& *Rental Profits Without The Pain*

You can also invest in flipping properties.

Flipping For Profit Without The Risk

You can wholesale properties.

Wholesaling so Everybody Wins

Visit www.myinvestmentservices.com to get these and other books and training courses. Or call 1-800-931-2605.

Suggested Reading

James Allen, *As a Man Thinketh*, Tribeca Books, 2011.

Robert G. Allen, *Creating Wealth: Retire in Ten Years Using Allen's Seven Principles*, Free Press, 2011.

Robert G. Allen, *Nothing Down for the 2000s: Dynamic New Wealth Strategies in Real Estate*, Free Press, 2004.

Rhonda Byrne, *The Secret*, Atria Books, 2006.

Michael Corbett, *Find It, Fix It, Flip It: Make Millions in Real Estate – One House at a Time*, Plume, 2006.

Jack Cummings, *Real Estate Finance and Investment Manual*, Wiley, 2008.

Napoleon Hill and Arthur R. Pell, *Think and Grow Rich*, Tarcher, 2005.

Anthony Hoffman, *How to Negotiate Successfully in Real Estate*, Simon & Schuster, 1984.

Robert Kiyosaki, *Rich Dad Poor Dad: What the Rich Teach Their Kids About Money That the Poor and Middle Class Do Not!* Warner Business Books, 1997.

Robert Kiyosaki, *You Can Choose to be Rich,* 12-CD audio series with three books, 2003.

Ron LeGrand, *How to Be a Quick Turn Real Estate Millionaire: Make Fast Cash With No Money, Credit, or Previous Experience*, Kaplan, 2004.

Ron LeGrand, *Ron LeGrand's Cash Flow Systems Course: For Sale By Owner.* www.ronlegrand.com

Martin J. Miles, *Vest-Pocket Real Estate Advisor*, Prentice Hall, 1990.

Frank McKinney, *Burst This!: Frank McKinney's Bubble Proof Real Estate Strategies*, HCI, 2009.

Frank McKinney, *Frank McKinney's Maverick Approach to Real Estate Success: How You Can Go From a $50,000 Fixer Upper to a $100 Million Mansion*, Wiley, 2005.

Anthony Robbins, http://www.tonyrobbins.com/products/

Carleton Sheets, *No Down Payment*, Home Study Course, http://www.carletonsheets.com

Robert Shemin, *Secrets of a Millionaire Real Estate Investor*, Kaplan Business, 2000.

Robert Shemin, *Secrets of a Millionaire Landlord*, Kaplan Business, 2001.

Russ Whitney, *Building Wealth: Achieving Personal and Financial Success in Real Estate and Business Without Money, Credit, or Luck*, Touchstone, 2006.

Definition of Terms

Abstract of Title: A summarized history of the title of real property listing rights and liabilities such as easements, mortgages, liens, and transfers of title. The abstract gives evidence of the chain of title and whether or not the title is clear.

Acceleration Clause: A clause in a mortgage that provides, at the option of the lender, the entire unpaid balance of the note would be due immediately upon failure to make a required payment or upon the sale of the property. In the latter case it is known as a due-on-sale acceleration clause. Usually it is found in paragraph 17 of a mortgage.

Accretion: The gradual buildup of soil by water.

Accrued Interest: Accumulated interest earned or due but not yet paid.

Acknowledgment: Legal declaration before a notary or duly authorized officer of a jurisdiction that the one signing an instrument is who he or she claims to be.

Acre: A quantity of land equal to 43,560 square feet. (For example, a square 208.7' x 208.7' or a rectangle 100' x 436.5').

Adjusted Cost Basis: For accounting purposes, the original cost plus improvements minus depreciation or cost recovery taken.

Ad Valorum: A measure of worth based on the value of something. For example, real property taxes calculated on the market value of the property.

After Tax Cash Flow: Effective gross income minus operating expenses and debt service plus or minus any tax savings or tax liability. (Also known as net spendable income.)

Agency: A relationship of trust whereby one party, the principal, entrusts another party, the agent, to act in his or her behalf and to represent him or her in doing business with other parties.

All Inclusive Trust Deed: The borrower obtains a new mortgage which is structured to include the old mortgage. The borrower makes payments on the new mortgage directly to the lender, who makes payments on the old first mortgage. (Also known as a Wrap-Around Mortgage.)

Amortization: The reduction of debt over a fixed term on an installment basis.

Amortized Loan: A loan in which the principal as well as the interest is payable in monthly or other periodic installments over the term of the loan.

Annuity: A payment of equal installments paid periodically for a given number of periods.

Appraisal: An estimation of value of real property as of the present or past date (not future). Any of three methods are used where applicable: cost approach, income approach, and market data approach.

Appraiser: A disinterested party who evaluates a property and determines a value for it.

Appreciation: Growth in value.

Appurtenance: Anything attached to the land which becomes a part of the property. A fence would be an example.

Arrears: The payment of money after the fact. Interest or taxes paid in arrears would represent money paid for a period of time gone by.

Asking Price: The price an appraiser has determined for a property and the price for which it is on the market.

Assessed Value: The value placed on the property by the taxing body of a county. This value is then used as a basis for computing taxes.

Assessments: A tax charge against real property by the taxing body of a county.

Asset: Any possession of value that an individual owns which may be used for payment of a debt.

Assign: To transfer one's rights in a bond, mortgage, lease, or other legal instrument to another person.

Assumption of Mortgage: To expressly take responsibility for the payment of a note secured by an existing mortgage on real property, thereby becoming a co-guarantor of that note.

Attorney at Law: A person licensed to practice law.

Balance Sheet: A financial statement showing assets, liabilities, and net worth.

Balloon Payment: A large final payment due on a note, usually after partial amortization of the debt, through installment payments.

Bankruptcy: Proceedings against a debtor, who has been declared legally insolvent, to distribute the debtor's property among the creditors.

Bill of Sale: A document used to transfer title to personal property (chattel).

Bird-Dog: People who are on the lookout for properties that are for sale. Sometimes they earn a referral fee, if the property is purchased by an investor through their referrals.

Blanket Mortgage: One mortgage that covers several different parcels of real property.

Blended Interest Rate: The interest rate resulting from half the difference of the interest rate originally written for the mortgage and the current market rate of interest. Generally, when loans are not assumable, asking the bank to rewrite the mortgage at a blended interest rate is the next best thing.

Boiler Plate: Preprinted sections of a contract.

Bounds: Boundaries that are natural (lakes, trees, rocks, etc.) or artificial (roads, railroads, etc.).

Buyer's Broker: A broker who represents the *buyer* when entering a Real Estate transaction. Generally, the *seller* pays the broker's commission at the closing.

Capital: Money used for investing purposes.

Capital Gains: The profits realized above adjusted cost basis on the sale of property.

Cash Flow: Effective gross income minus operating expenses and debt service. (Also known as cash throw-off.)

Caveat Emptor: "Let the buyer beware." This statement does not apply where the buyer and seller are using an agent (broker).

Chattel: Personal property.

Chattel Mortgage: A mortgage on personal property.

Closing Date: A predetermined day that the transaction of buying/selling property will take place.

Collateral: Real or personal property pledged as security for repayment of a loan or debt.

Commission: Usually a percentage of the purchase price paid to the broker or agent for services rendered.

Common Law: Law that is not codified; developed from common usage and custom.

Competent Party: A person legally able to contract; being of legal age and sound mind.

Concessions: During negotiations, these are the items that each party is willing to give up in order to get the items each party really wants.

Condemnation: The process by which property of a private owner is taken, with or without consent, for the public use. Fair compensation must be paid.

Consideration: Something of value exchanged by a party to influence another party to enter in a contract.

Contingency: A possible event based on the happening of an uncertain future event.

Contract: A legal agreement entered by two or more parties which created an agreement to do or not to do something.

Contract for Deed: A contract for the sale of real property wherein the seller is obligated to provide a merchantable title after the buyer has paid for the property, usually in installments. (Also known as an Agreement for Deed or Land Contract.)

Contract for Purchase and Sale: An agreement between buyer and seller of real property to transfer title to that property at a future time for a specific sum of money. (Also called a sales contract).

Conveyance: An instrument (deed) legally sufficient to transfer title to real property.

Cooperative: An apartment house or similar property owned, usually in corporate form, by all the tenants. Each has stock in the corporation which owns the building.

Cost Recovery: Formerly known as depreciation. A provision of the tax law that allows the owner of real and personal property to recover the cost of that property over a period of time specified by law. Cost recovery may be straight line or accelerated.

Counter Offer: A change in price or terms of an unacceptable offer.

Credit Bureau: An agency that compiles data on an individual's credit history and, upon request, distributes a report to potential creditors.

Credit Bureau Report: The compilation of an individual's credit history. Potential creditors may request a copy from a credit bureau.

Credit Limit: Generally found when dealing with credit cards, this is the maximum amount the card holder may charge to that account.

Creditor: The lender. The one to whom the debt is owed.

Cure Date: The last day given for bringing mortgage payments current at the beginning of the foreclosure process.

Dead Asset: An asset that an investor does not want; in the investor's eyes, it has no value.

Debt Service: The sum of the annual principal and interest payments expressed as a percentage of the amount owed.

Deed: An instrument conveying title to real property. It usually must be signed by the grantor (seller), witnessed by two persons, and recorded.

Default: Failure to discharge a duty or obligation.

Deficiency Judgment: A judgment rendered in court for the difference in the amount realized at a foreclosure sale and the amount owed by the mortgagor, if the foreclosure sale fails to completely liquidate or satisfy the debt.

Depreciation: (See Cost Recovery.)

Devise: Disposition of land or real property by will.

Discount: The percentage of the original balance of the loan that is charged to the borrower; sometimes referred to as points. Also, the difference between the selling price of a mortgage and the amount due.

Discounting a Note: The process of offering a promissory note for less than its face value to enhance marketability.

Distressed Property: A bargain property that is substantially below its present or projected renovated value.

Dower: The legal rights of a widow in her husband's estate. These rights have been abolished in many states.

Due on Sale Acceleration Clause: (See Acceleration Clause.)

Duplex: A two-family home where the units share a common wall and are situated side by side.

Earnest Money: A deposit of money given by a party to bind the contract, usually credited toward the sales price.

Easement: An interest held by one party in the real property of another, giving that person the legal rights to trespass on the other's property.

Effective Gross Income: The difference between the total gross income and the vacancy allowance.

Effective Interest: The interest rate the borrower actually pays as opposed to the nominal interest rate. The effective interest rate is made higher than the nominal rate by addition of points or discounting a loan.

Eminent Domain: The power of the government to take private property for public use in return for fair compensation. This power is exercised through condemnation.

Encroachment: An infringement, usually an improvement such as a building or fence, constructed on a property contiguous to the one infringing. An encroachment is usually revealed by a survey.

Encumbrance: A limitation on the title to real property. A mortgage or easements are examples of encumbrances.

Equity: In Real Estate, the value of an interest a person holds over and above any mortgages or liens on the property.

Equity of Redemption: The rights of a mortgagor (borrower) to buy back a property after a foreclosure sale. While equity of redemption does not exist in some states, in other it extends up to two years.

Escape Clause: A clause added to the contract that allows either party the option of exiting the contract; thus, both parties are no longer bound by any contractual obligations.

Escheat: The reversion of property to the state when an owner dies with no will and no known heirs.

Escrow: Money or documents held in trust by a neutral third party.

Estate: Ownership interest in real property.

Estate by the Entireties: Ownership by husband and wife with right of survivorship.

Estimated Annual Gross Income: An estimate of the total amount of income one will receive in a period of one year.

Estoppel Letter: A letter certifying the exact balance of a mortgage or other loan at a given time.

Et Al: And others.

Et Ux: And wife.

Exchange: The exchange or trade of business property you own for another trade or business property that is like/kind. No taxes are due in such an exchange under a given set of circumstances.

Exculpatory Clause: A clause in a contract relieving one of the parties of personal responsibility of liability. In a lease, the landlord is relieved of any responsibility for injury to tenants leasing his or her property. In a mortgage, the mortgagor (borrower) is relieved of any personal liability or deficiency judgment if a deficit occurs at a foreclosure sale.

Expenses: The costs of maintenance, repairs, and rental costs that are deducted from a property's gross income.

Executor: The administrator of an estate; one who is specified in the will.

Extension Clause: A clause contained within some lease option contracts that provides for the terms under which the contract may be extended.

Face Value: In reference to a note, the face value is the full amount for which the note has been written.

Fair Market Value: The appraised value of a property as compared with other property values on the market.

Flipping: The turnover of property. An investor buys a property to immediately sell it for a profit.

Fee Simple: The highest estate in real property; the ownership of real property without reservation or restriction.

Fiduciary: An agent in the position of confidence to his principal. Also, a relationship of trust and confidence imposed by law.

Financial Analysis: An investor's determination of the value of a property according to his or her specific needs.

Financial Leverage: The use of other people's money for investment purposes.

Financing: The way in which an investor obtains the capital with which to purchase a property.

First Deed of Trust: A deed of trust recorded first. Equivalent to a first mortgage.

Fixture: Personal property attached permanently to Real Estate and thus becoming part of it. A built-in oven is an example.

Flexible Seller: A seller who is willing to sell property in a nontraditional manner. This person may be flexible in terms, price, or both.

Forced Sale: The sale of a property used as a security for a loan in order to repay creditor(s) in the event of a default on the loan.

Foreclosure: The process whereby property pledged as security on a note is sold under court order because of default on the note.

Front Foot: The width of a lot at the front, usually given as the first measurement. (A lot 225' x 175' would have 225 front feet.)

General Partnership: A form of business where two or more persons enter into an agreement to conduct business. Profits and losses are shared in a predetermined fashion and all partners are jointly and severally liable for debts of the general partnership.

Grandfather Clause: Properties that do not conform to current ordinances, codes or regulations, but are allowed to continue to be occupied because the properties predate the institution of the ordinances, code and regulations.

Grantee: A person obtaining title to real property by deed. The purchaser to whom the grant is made.

Grantor: One who conveys title to property by deed.

Gross Income: The total income from a property before the deduction of expenses.

Gross Income Multiplier: That number which, when multiplied times the gross income, would give an indication of property value. It is strictly a guide and frequently abused.

Homestead Exemption: Protection extended by law preventing the forced sale of an owner-occupied dwelling by certain creditors.

Homestead Tax Exemption: The credit against taxes, given in some states, to a person who owns and occupies a dwelling and to certain other individuals including disables veterans, those over age 65, widowed, or handicapped.

Improvement: Buildings or other structures which become part of the land are known as improvements.

Indenture: A contract.

Installment Loan: A loan that must be repaid in no less than two payments. A loan of six months or greater is preferable when establishing credit.

Installment Note: A note which specifies how mortgage payments will be made, when they will be due, and for what amount.

Installment Sale: A sale which, for income and tax purposes, is not taxed totally in the first year of the sale. To be valid, there must a minimum of two installment payments over two tax years.

Interest Rate: An amount a borrower must repay in addition to the full amount of the loan. This is the premium the lender receives for the use of the money, plus compensation for the risk the lender takes in lending money.

Intestate: A person who has died without leaving a valid will.

Involuntary Lien: A lien, like real property tax liens, which are recorded against a property without consent of the owner.

Instant Equity: The difference between the property's value and what you paid for it.

Joint Tenancy: A joint estate whereby upon the death of one joint tenant, his or her interest will go to the surviving joint tenant(s).

Joint Venture: An arrangement where two or more individuals or corporations join together on a single project as partners.

Jointly and Severally: A legal term indicating that a contract has been entered into by two parties and the two parties are not only liable together but individually as well.

Leverage: The borrowing of money in connection with a real estate investment.

Judgment: The verdict of a court on a matter presented to it. A money judgment dictates that a party must make payment to another to settle a claim.

Junior Lien: A mortgage or other encumbrance with a secondary interest. A lien junior to another mortgage or lien.

Land Contract: (See Contract for Deed.)

Land Trust: A form of ownership whereby property is conveyed to a person or an institution, called a trustee, to be held and administered on behalf or another person called the beneficiary.

Lease: A contractual agreement between the owner (lessor) and the tenant (lessee), which allows the tenant use and occupancy of the property for a specified period of time. A lease is an encumbrance against a title and gives the tenant an actual interest in the property known as an estate for years.

Lease Option: An agreement between two parties where the party who owns the property extends, to the second party, the right to purchase the property at a future date. The second party lives in the property until the lease option expires.

Leasehold: The estate of interest held by the lessee in the property of another.

Legal Description: The means to identify the exact boundaries of a property. A surveyor will use the recorded plats method, metes and bounds method, or the government survey method to describe the real property.

Lessee: One who contracts to hold occupancy rights in the real property of another.

Letter of Credit: A letter, usually from a financial institution, guaranteeing (collateralizing) a debt incurred by a third party.

Letter of Intent: A letter stating a buyer's intent to make an offer to acquire a certain property. It is not a binding contract.

Lien: The right of a creditor to take and/or sell a property in the event of a default to satisfy the obligation of a debt.

Lien Theory States: States that allow the lender to collect the debt owed by selling the property in the event of default.

Limited Partnership: A partnership composed of a limited partner(s) and a general partner(s). The limited partner(s) contributes capital but is not liable for any debts of the partnership, nor can he or she manage or control the partnership.

Liquidated Damages: Damages, usually monetary, spelled out in a contract which would be available in the event of a default, to the party not in default.

Listing Broker: A broker from the office which created the MLS listing on a property.

Marketable Title: A title free and clear of liens and encumbrances that might be objectionable. (Also known as merchantable title.)

Mechanics Lien: A lien right existing in favor of mechanics, suppliers, or other persons who have supplied materials or performed work in connection with the construction or repair of a building or other improvement.

Metes: Measures such as inches, feet, yards, or miles.

Metes and Bounds: A measure of land which describes the boundaries using metes and bounds. For example, "Then going north 223 feet to the right-of-way of Oak Street."

Moratorium of Interest: A time during the term of a loan wherein no payment of interest due is made.

Mortgage: A temporary transfer of property to a creditor as collateral for a loan.

Mortgagee: A lender of money under the terms of a mortgage.

Mortgagor: The borrower, usually the owner, who pledges his or her property to assure performance in repaying the loan.

Multiple Listing Service: A multi-realty service whereby members of the local Board of Realtors exchange their listings.

Negative Cash Flow: When rental and other income is insufficient to cover all the costs of ownership.

Net Income Approach: A technique used to evaluate larger properties and determine their values by calculating the net income they produce.

Net Net Net: An agreement which specifies that the tenant pays real estate taxes, insurance, and all maintenance costs of the property.

Net Operating Income: Gross income minus any operating expenses. Debt service (principal and interest) is not deducted as an expense.

Net Spendable Income: Amount remaining after expenses and debt service and any taxes due have been deducted from gross income. (Also known as After Tax Cash Flow.)

No-Doc Loan: A loan where the borrower is not required to present any documentation to secure a loan.

Nominal Interest Rate: The interest rate, usually below market stated on the note.

Note: Legal evidence of debt.

Notarize: To have a document signed by a notary public.

One Time Mortgage Insurance Premium: A refund of a portion of the insurance premiums that have been paid of the years with a 1984 or later mortgage where the mortgage insurance premiums were paid up front.

Option: An instrument giving the right of a party to lease or purchase the property over a specified time period for a specified consideration. It is binding for the optionor (seller) but not the optionee (buyer).

Optionee: The person who has the legal right to purchase or not to purchase (through a contract) a specific property in the future.

Optionor: The seller of a property who extends an option to someone else. If the optionee exercises the option, this person is legally bound by the contractual obligations. However, if the option is not exercised, then the optionor is released from any responsibilities.

Owners of Record: All owners that are listed on a deed that is recorded in the county courthouse.

Overdraft Protection: An extra service that most financial institutions offer their checking account clients. The client has a credit limit, much like that of a credit card. If the client writes a check for an amount greater than what is in the checking account, the bank automatically writes the client a "loan." Interest is charged on this, as is an annual fee in some cases.

Package Mortgage: A mortgage which, in addition to encumbering real property, also includes personal property such as a refrigerator, dishwasher, or oven unit.

Partnership: Two or more people associated for the purposes of carrying on business activities.

Pay Down: The amount of principal on a loan retired through payments at a given time.

Personal Property: All property other than real property. (It is also known as personality.)

Points: See discount.

Positive Cash Flow: When rental and other income exceed all of the costs of ownership.

Power of Attorney: A written authorization to an agent to perform specified acts on behalf of his or her principal. Beyond these acts, the agent has no power.

Preliminary Title Search: The first review of all previously recorded documents regarding a specific property, to make sure that the property may be sold.

Premium: An additional sum of money paid as an incentive for someone to do something.

Principal: The sum of money used as funds for the investment.

Promissory Note: Usually a note if given to the seller by the buyer, which promises to pay back principal to the seller. It states the interest rate (if any) and the period of the note.

Pro Forma Statement: A financial statement based on anticipated, not actual, income and expenses.

Promulgated Rate: A formally and publicly stated rate.

Pro Rata: Buyer's and seller's portion of prepaid or unpaid expenses such as real estate taxes.

Purchases Money Mortgage: A mortgage given to the seller as part or all of the consideration for the purchase of property. In effect, it is money loaned by the seller to the purchaser.

Quit Claim Deed: A deed transferring whatever interest in the property, if any, that the grantor may have. They are usually used to clear title.

R.E.O. (Real Estate Owned): Properties that financial institutions have repossessed as a result of a default on a mortgage and which these institutions are willing to sell.

Real Estate Agent: A salesperson associated with a broker, who acts on behalf of a broker.

Realtor: A broker who is a member of the National Association of Realtors as well as state and local Real Estate boards.

Recording: The act of entering, in the public record, any instrument affecting title to real property.

Redemption: The buying back of one's own property after a forced court sale. (See equity of redemption.)

Release Clause: A statement in a blanket mortgage that allows a specific described parcel to be released from under the blanket lien after a sum of money is paid.

Reproduction Cost Analysis: A technique used to evaluate a property by estimating the cost of building the same or similar structure, adding the cost of land and subtracting an allowance for wear and tear.

Restrictive Covenant: A clause in a deed in which there is an agreement between buyer and seller stating certain restraints as to the use of the property.

Right-of-Way: An easement on land whereby an owner grants or gives to another the right of passage over his or her land.

Riparian Rights: The rights of a land owner to the body of water adjacent to his or her land. In some cases these rights include the land under this water.

Sales Contract: (See Contract for Purchase and Sale.)

Sandwich Lease: While having the option to buy a property, the investor subleases it to gain a positive cash flow.

Satisfaction of Mortgage: An instrument filed in the public records which acknowledges payment of an indebtedness secured by a mortgage.

Security Deposit: An amount of money paid by a tenant before moving into the premises to cover any damage incurred while living there, or to protect the landlord in the event that the tenant leaves without being current on rent payments. If the tenant is current and the unit only has a normal amount of wear and tear, then the deposit is generally refunded.

Servicing a Debt: The act of paying the periodic principal and interest payments on an outstanding debt obligation.

Specific Performance: A court order requiring a person to act or do a specific thing that he or she had agreed to do.

Tax Certifications: Bond sold to recoup unpaid property taxes by the county in which the property is located. When the property is auctioned, the certificate holders may either use the certificates as money to bid on the property or redeem them for face value plus interest.

Tax Deductible: An item that is not taxed.

Tax Liability: The amount of money one owes to the government for taxation purposes.

Tax Shelter: An income property that generates artificial papers losses, due to depreciation or cost recovery, that are in excess of the income produced by that property. These artificial losses can be used to offset other taxable income earned by the owners. In general, a tax shelter is any deferral, reduction, or elimination of a tax due.

Tenancy in Common: The ownership of an interest in property by two or more persons. Their ownership interest may be equal or unequal and there is no right of survivorship as with joint tenancy. The interest of any joint owner passes to his or her heirs or assigns after death.

Tenant: A person having the temporary use and occupancy of real property owned by another.

Tender: An offer to pay or perform.

Terms: The exact way a property will be purchased.

Testate: One who dies leaving a will.

Time-Share: A piece of property purchased by two or more parties who have set specific times when each may use or occupy the property.

Title Insurance: Insurance issued by a title company guaranteeing the title to be good and marketable. Title insurance policies can be issued to protect the mortgagee only, the full interest of the buyers, or both.

Title Insurance Company: A business that reports on the status for the title on a specific property and whether or not it has any liens against it. After this title search has been completed, the company will issue a deed to be signed by all the owners of the property which should be notarized and recorded in the public records.

Title Theory States: States that allow the lender to become the legal owner at the time of making the loan. The borrower only has possession.

Township: A unit of measure used in the government survey method of land description equal to 36 sections (36 square miles).

Unilateral Contract: A contract in which one party is bound by another to do something. If the second party chooses to exercise the contract, the first party must perform any contractual obligations that party may have. However, if the second party chooses not to exercise the contract, the first party is released from any contractual obligations.

Unsecured Line of Credit: A credit history developed by an individual who borrows small amounts of money which do not require collateral.

Usury: The lending of money at a rate of interest about the legal rate.

Vacancy Rate: An estimate of the amount of time the rental property will be vacant (between tenants) multiplied by the rental rate of the unit(s). The amount is used in estimating the investor's value of an income.

Value, Assessed: The value as determined by the local tax assessor's office for the purpose of levying local taxes.

Value, Book: The value of a property carried on a company's books. It is usually the cost less depreciation or cost recovery plus capital additions.

Vendee: A buyer.

Vendor: A seller.

Warrant: To guarantee something to be as represented.

Wraparound Mortgage: A mortgage held by the seller-mortgagee. The buyer-mortgagor pays the seller-mortgagee the debt service on the wraparound mortgage and the seller-mortgagee continues to pay the debt service on the underlying or original mortgage.

Zoning: The laws which regulate and control for what the property may be used.

About the Author

Gary Wilson has been a Scout Master in Troop 194 of the Greater Pittsburgh Region and involved in scouting for more than a dozen years as an adult and was a scout as a boy.

He started investing in Real Estate at the age of 23, less than one year after graduating from Old Dominion University, and accumulated a 250-unit portfolio while teaching others to do the same.

Gary ranked in the top 5% of all Realtors in the Western Pennsylvania Market (according to annual Five-Star surveys).

He is a licensed broker in Pennsylvania and Virginia. He achieved the Platinum level of service while launching and growing Win Realty Advisors, LLC which merged with Keller Williams to create the KW Win Realty Team.

Gary merged specifically with Keller Williams because of its core values and priorities – God, family, then business. In fact, no other Real Estate Company has as much in common with the Boy Scouts of America as Keller Williams.

Gary currently teaches thousands and has personally coached hundreds of other investors who want to realize the pleasure of rental profits without the pain, flipping without the risk, and wholesale for profit so everybody wins.

For more information call or email:
1-800-931-2605
Support@MyInvestmentServices.com
Or visit: MyInvestmentServices.com